## Local Government Mandate Statement Kentucky Legislative Research Commission 2022 Regular Session

**Part I: Measure Information** 

Bill Request #: 2003			
Bill #: SB 209 HCS 1			
<b>Document ID #:</b> <u>7645</u>			
Bill Subject/Title: AN ACT relating to state police. (The HCS impacts the County Employees Retirement System.)			
Sponsor: Senator Michael J Nemes/Representative Jerry Miller			
Unit of Government:		X County	X Urban-County Unified Local
Office(s) Impacted:	<u> </u>	X Consolidated Local ate in the County Employee	
Requirement: X Mandatory Optional			
Effect on Powers & Duties:	Modifies Existing	X Adds New Eli	minates Existing

## Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

SB 209 HCS 1 amends KRS 61.702 and KRS 78.5536 to provide that on January 1 of each year, the insurance contribution amount shall increase by \$5 for members who have accrued an additional full year of service as a participating employee beyond the career threshold, defined by SB 209 HCS 1 as 27 years of service for nonhazardous members, 20 years for Tier 1 hazardous members, and 25 years for Tier 2 and 3 hazardous members. The following restrictions apply to the additional contributions:

- The additional contribution shall only be applied to the following monthly contribution amounts: \$10 for nonhazardous, \$15 for hazardous positions.
- The additional contribution shall only be payable towards health plans offered by the Kentucky Public Pensions Authority to retirees who are not eligible for Medicare or for reimbursements provided to retirees not eligible for Medicare but

who are eligible for retiree health subsidies, except for recipients qualifying for full premium subsidies due to a spouse or a dependent child's parent dying as a result of a duty-related injury.

In order for the annual increase to occur, the funding level of retiree health benefits shall be at least 90% and be projected to remain at 90% for the year in which the increase is provided. "Funding level" is defined by SB 209 HCS 1 to be the actuarial value of assets divided by the actuarially accrued liability expressed as a percentage.

Members may use those fixed dollar amounts towards other health coverage through a premium reimbursement program on or after January 1, 2023.

The fiscal impact on local governments is yet to be determined. An actuarial analysis has been completed by the Kentucky Public Pension Authority regarding the impact on the CERS. In the opinion of the actuary, this bill would make the CERS, hazardous and nonhazardous, less sound. Although benefits would increase, so would the employer cost.

## Part III: Differences to Local Government Mandate Statement from Prior Versions

SB 209 HCS 1 keeps the provisions of SB 209 GA and adds the following regarding the CERS:

- Increases the under-age-65 retiree health subsidy for members of the CERS.
- Defines "career threshold" and "funding level".
- Provides that the fixed dollar retiree health subsidy shall be increased by five dollars for each year these members work beyond the career threshold, so long as the funding level of retiree health benefits is at least 90%
- Allow members to use those fixed dollar amount towards other health coverage through a premium reimbursement program on or after January 1, 2023.

SB 209 as introduced and SB 209 GA as passed by the Senate did not require completion of local mandate statements.

Data Source(s): LRC Staff; Kentucky Public Pensions Authority, AA Statement to SB 209

HCS 1

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