



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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March 8, 2023

Ms. Katie Carney
Office of Fiscal Statement Review
Legislative Research Commission
Capitol Annex, Room 104
Frankfort, KY 40601

**RE: House Bill 551 (2023 RS BR 812) – HCS 1 Version
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 5**

Dear Ms. Carney:

The Kentucky Public Pensions Authority (KPPA) had previously provided an Actuarial Analysis of House Bill 551 (2023 RS BR 812) via letter dated February 28, 2023. KPPA has now examined the HCS 1 Version of House Bill 551 (2023 RS BR 812).

We have determined that the HCS 1 Version of House Bill 551 (2023 RS BR 812) would not change the previous actuarial impact provided for this legislation. Therefore, the Actuarial Analysis of House Bill 551 (2023 RS BR 812) dated February 28, 2023, is applicable to HCS 1 Version of House Bill 551 (2023 RS BR 812).

We have not requested any further actuarial analysis of HCS 1 Version of House Bill 551 (2023 RS BR 812) by the Authority's independent actuary. Please let me know if you have any questions regarding our analysis of HCS 1 Version of House Bill 551 (2023 RS BR 812).

Sincerely,

A handwritten signature in black ink that reads "David Eager".

David L. Eager
Executive Director
Kentucky Public Pensions Authority



KENTUCKY PUBLIC PENSIONS AUTHORITY

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February 28, 2023

Ms. Katie Carney
Office of Fiscal Statement Review
Legislative Research Commission
Capital Annex, Room 104
Frankfort, KY 40601

RE: House Bill 551 (2023 RS BR 812)
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 5

Dear Ms. Carney:

House Bill 551 (2023 RS BR 812) proposes to create a new Kentucky Revised Statute Chapter 230 that would, in pertinent part for Kentucky Public Pensions Authority (KPPA), establish a wagering administration fund within the State Treasury. The bill states that amounts deposited in the wagering administration fund in excess of oversight costs and any interest associated to the excess funds would be allocated to the Kentucky permanent pension fund established in KRS 42.205. The bill specifies the funds will be expended at the close of a fiscal year. Any funds not expended at the close of a fiscal year will be carried forward into the next fiscal year. For purposes of this Actuarial Analysis, it is assumed the revenue will continue to be deposited in perpetuity.

KPPA staff members have examined House Bill 551 (2023 RS BR 812). We have determined that the bill will not increase or decrease benefits or the participation in benefits in any of the retirement systems administered by KPPA. House Bill 551 (2023 RS BR 812) could potentially reduce the unfunded actuarial liability of the pension plans administered by KPPA, as passage of the bill would create a new revenue stream for the Kentucky permanent pension fund that could be allocated to the pension plans administered by the KPPA.

In accordance with KRS 6.350(2)(c), KPPA certifies the following:

1. The estimated number of individuals potentially affected as of June 30, 2022, are 122,932 active; 162,809 inactive; and 124,341 retired members in the systems operated by the KPPA.
2. There is no estimated change in benefit payments.
3. The additional revenue generated by House Bill 551 (2023 RS BR 812) could reduce employer costs only if the money were allocated to the systems operated by KPPA.

4. There is no estimated change in administrative expenses.

We have not requested any further actuarial analysis of House Bill 551 (2023 RS BR 812) by the Authority's independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 551 (2023 RS BR 812).

Sincerely,

A handwritten signature in black ink that reads "David Eager". The signature is written in a cursive style with a large, sweeping initial "D".

David L. Eager
Executive Director
Kentucky Public Pensions Authority



TEACHERS' RETIREMENT SYSTEM

of the State of Kentucky

GARY L. HARBIN, CPA

Executive Secretary

ROBERT B. BARNES, JD

*Deputy Executive Secretary
Operations and General Counsel*

J. ERIC WAMPLER, JD

*Deputy Executive Secretary
Finance and Administration*

March 8, 2023

Katie Carney
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 39
Frankfort, KY 40601

RE: 23 RS HB 551 HCS 1/BR 812
AA Statement 3 of 5

Dear Ms. Carney:

23 RS HB 551 HCS 1, an Act relating to wagering and making an appropriation therefore, would, in part, create a new section of KRS Chapter 230 to establish a sports wagering administration fund in the State Treasury to receive moneys received from the sports wagering the bill authorizes. Under the bill, amounts deposited in the wagering administration fund in excess of oversight costs would be allocated to the Kentucky permanent pension fund established in KRS 42.205.

23 RS HB 551 HCS 1 would not increase or decrease retirement benefits or increase or decrease participation in benefits. 23 RS HB 551 HCS 1 will not negatively impact the actuarial liability of the system as the system. 23 RS HB 551 HCS 1 could provide additional funding for TRS and, as such, could help reduce the system's unfunded actuarial liability.

Given the foregoing, TRS has not requested a formal actuarial analysis from the independent actuary.

TRS certifies, in compliance with KRS 6.350(2)(c), as follows:

1. There are nearly 140,000 members of TRS.
2. There would be no increase or decrease in benefits, or participation in benefits.
3. There would be no increase in employer costs.
4. There would be no increase in administrative costs.

Sincerely,

Robert B. Barnes
Deputy Executive Secretary and General Counsel



JUDICIAL FORM RETIREMENT SYSTEM

JUDICIAL RETIREMENT PLAN | LEGISLATORS RETIREMENT PLAN

Board of Trustees

Bo Cracraft
Executive Director

February 28, 2023

Ms. Katie Carney
Director's Office
Legislative Research Commission
Capitol Annex, Room 104
Frankfort, KY 40601

**RE: HB 551 HCS 1 - AN ACT relating to wagering and making an appropriation therefor.
AA Statement 4 and 5 of 5**

Dear Ms. Carney:

Judicial Form Retirement System (JFRS) staff have reviewed **HB 551 (BR 812)**, which proposes to create a new

Kentucky Revised Statute Chapter 230 that would establish a sports wagering administration fund within the State Treasury. The legislation provides that a portion of any excess funds remaining in the administration fund, after oversight costs, are allocated to the Kentucky permanent pension fund established in KRS 42.205.

Staff have determined **HB 551 (BR 812)** would not increase or decrease benefits, or increase or decrease participation in benefits, or change the current actuarial liability of either plan administered by JFRS. The legislation, if passed, would appear to have the potential to create an additional source of revenue, which could be used to address unfunded actuarial liabilities. However, the bill does not outline how any such funds would be distributed amongst state-administered retirement plans, so it is unclear if any plans administered by JFRS would be impacted.

In compliance with KRS 6.350(2)(c), the Judicial Form Retirement Systems (the agency in charge with the administration of JRP and LRP) certifies the following:

1. There has no individuals affected. As of June 30, 2021, there were a total of 601 individuals participating in JRP and 393 individuals participating in LRP.
2. There is no change in benefits.
3. There is no change to current employer costs. Additional revenue could reduce future employer costs depending on allocation process and amount of funds received.
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of **HB 551 (BR 812)** by the Systems' independent actuary. Please let me know if you have any questions regarding this analysis.

Sincerely,

Carl B. Cracraft

Bo Cracraft
Executive Director

Whitaker Bank Building, Suite 302 | 305 Ann Street | Frankfort, Kentucky 40601
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