



JUDICIAL FORM RETIREMENT SYSTEM

JUDICIAL RETIREMENT PLAN | LEGISLATORS RETIREMENT PLAN

February 10, 2023

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

**RE: SB 73 - AN ACT relating to wagering and making an appropriation therefor.
AA Statement 1 and 2 of 5**

Dear Ms. Carney:

Judicial Form Retirement System (JFRS) staff have reviewed **SB 73 (BR 1103)**, which proposes to create a new Kentucky Revised Statute Chapter 239 that would establish a 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 **SB 73 (BR 1103)** 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 create an additional source of revenue, which could be used to address unfunded actuarial liabilities.

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 **SB 73 (BR 1103)** by the Systems' independent actuary. Please let me know if you have any questions regarding this analysis.

Sincerely,

Bo Cracraft
Executive Director



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



February 20, 2023

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

RE: Senate Bill 73 (2023 RS BR 1103)
AA Statement Required by KRS 6.350
AA Statement 3 and 4 of 5

Dear Ms. Carney:

Senate Bill 73 (2023 RS BR 1103) proposes to create a new Kentucky Revised Statute Chapter 239 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 does not specify a disbursement date for the excess funds and interest transferred to the Kentucky permanent pension plan, nor does it mention an end date for the annual deposits to the permanent pension fund to cease. For purposes of this Actuarial Analysis, it is assumed the revenue will continue to be deposited in perpetuity.

KPPA staff members have examined Senate Bill 73 (2023 RS BR 1103). 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. Senate Bill 73 (2023 RS BR 1103) 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 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 Senate Bill 73 (2023 RS BR 1103) could reduce employer costs only if the money were allocated to the systems operated by KPPA.

Senate Bill 73 (2023 RS BR 1103)
AA Statement Required by KRS 6.350
Page 2

4. There is no estimated change in administrative expenses.



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



We have not requested any further actuarial analysis of Senate Bill 73 (2023 RS BR 1103) by the Authority's independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 73 (2023 RS BR 1103).

Sincerely,

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

Dave L. Eager
Executive Director
Kentucky Public Pensions Authority