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FISCAL IMPACT REPORT

ORIGINAL DATE 2-25-09
 SPONSOR HLC LAST UPDATED 3/2/09 HB 683/HLCS
 SHORT TITLE Retired Public Employee Returning as Sheriff SB _____
 ANALYST Aubel

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	Indeterminate Minimal	Indeterminate Minimal	Recurring	PERA
	(\$0.1)*	(\$0.1)*	(\$0.1)*	Various

(Parenthesis () Indicate Revenue Decreases)

*See fiscal impact.

Conflicts with HB 573, HB 246 and HB 616

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Employees Retirement Association (PERA)

Department of Public Safety (DPS)

SUMMARY

Synopsis of HLC substitute Bill

The House Labor and Human Resources Committee Substitute for House Bill 683 amends the Public Retirement Act to reinstate the elected official exemption for retired PERA members who are elected to a term of office, including an elected sheriff, from the 90-day break in service and contribution requirements of the PERA Act's return-to-work provisions.

FISCAL IMPLICATIONS

PERA's actuaries have concluded that in order for the return-to-work (RTW) program to be cost-neutral to PERA, both employee and employer contributions need to be paid. PERA specifies that because the number of retired members returning to work as sheriffs is unknown, PERA concludes that the fiscal impact is indeterminate but most likely minimal.

HB 683/HLCS will reduce the operating budgets associated with paying contributions to PERA for elected officials. The amount is unknown but not considered substantial.

SIGNIFICANT ISSUES

Prior to 2003, a PERA member was permitted to simultaneously retire and become an elected official, chief of police or undersheriff if the retiree filed an exemption from membership within 30 days of taking office or being appointed. There was no statutory 90-day sit-out period for any elected official. When the RTW legislation was enacted in 2003, this exemption was taken away, which places elected officials in an awkward position if they did not retire 90 days prior to taking office on the January effective start date for their term of office.

This bill restores the provision to its pre-2003 status.

The policy decision is whether the contributions to PERA for retired PERA members who return to work as an elected official or sheriff should be paid. At this time, both employer and employee contributions are paid by the employer. By exempting this requirement, the employer would have less cost associated with an elected RTW sheriff.

ADMINISTRATIVE IMPLICATIONS

PERA notes that its public relations staff will have to provide specific training to Human Resource and Payroll department employees on reporting retirees reemployed as sheriffs.

CONFLICT

HB 683 conflicts with the following bills with RTW provisions:

HB 573 amends the PERA Act's return to work provisions by reinstating remittance of non-refundable retired member contributions and lengthens the break-in-service requirement for post-retirement employment from 90 days to 12 months.

HB 246 amends the PERA Act's return-to-work provisions by limiting such post-retirement employment with PERA-affiliated employers that are: 1) a municipality with a population of less than 55,000; or 2) a county with a population of less than 50,000.

HB 616 reinstates an earnings limit for retired PERA members who return to work with PERA-affiliated public employers. HB 616 provides that after July 1, 2010, all retirees who return to work with PERA-affiliated employers will have their pension benefits suspended on the first day of the month following the month in which their earnings from subsequent employment exceeds \$30,000.

OTHER SUBSTANTIVE ISSUES

PERA supports reinstating the elected-official exemption for PERA retirees who are elected to a term of office on or after July 1, 2009.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Contributions will be required for all PERA retired members who return to work as elected officials. Elected officials will be required to have a 90 day break in service before taking office.

MA/mt