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FISCAL IMPACT REPORT

SPONSOR Ingle/Wirth ORIGINAL DATE 2/19/19
LAST UPDATED _____ HB _____

SHORT TITLE Increase Legislative Retirement Contributions SB 307

ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Employees Retirement Association (PERA)

SUMMARY

Synopsis of Bill

Senate Bill 307 (SB307) Increases the annual member contribution rate for State Legislator Member Coverage Plan 2 members from \$600 to \$1,000 for each year of credited service earned after 2018 and Allows certain legislators who failed to make the required plan contributions a temporary window to do so before January 1, 2020, by paying to PERA the required contributions and applicable interest. Additionally, SB307 changes the effective date used to determine the per diem rate for pension calculation purposes, from January 1 to July 1.

FISCAL IMPLICATIONS

SB307 will increase the legislator contributions to the legislative pension fund. Because the bill does not increase state contributions there is no fiscal impact of enactment of this legislation.

PERA notes that for the year ending June 30, 2018, the Legislative Retirement Fund had 120 active members and was funded at 137.7 percent with a fund surplus totaling \$11.7 million.

SIGNIFICANT ISSUES

State Legislator Member Coverage Plan 2 is applicable to state legislators and lieutenant governors who served terms of offices that ended on or after December 31, 2002. To be covered

under State Legislator Member Coverage Plan 2, a legislator or lieutenant governor must elect to be a member no later than 180 days after first taking office. Legislator Plan 2 members receive an annual pension benefit of 11 percent of the per diem rate in effect on the first day of the calendar year the member retires multiplied by 60 and further multiplied by years of credited legislative service. For the year ending June 30, 2018, the average retirement age for a legislator was 68.33 years and the average annual pension was \$17,220. For state general plan 3 all retirees, the average retirement age was 60.75 years and the average annual pension is \$28,944.

CJ/al