COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3453H.04C
Bill No.: HCS for SS for SB 898
Subject: Retirement Systems and Benefits - General; Retirement - State; Retirement - Local Government; Retirement - Schools; Employees - Employers; State Employees
Type: Original
Date: May 6, 2024

Bill Summary: This proposal modifies provisions relating to pensions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	$0	($110,611,154)	($108,257,725)
Total Estimated Net Effect on General Revenue	**$0**	**($110,611,154)**	**($108,257,725)**

* Oversight assumes a top income tax rate of 4.8% in tax year 2024 (FY 2025) and future income tax rate reductions from SB 3 (2022) will trigger consecutively (4.7% in FY 2026, 4.6% in FY 2027, and 4.5% in FY 2028+).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	**$0**	**$0 or Unknown**	**$0 or Unknown**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** state the proposal has no direct fiscal impact to the Joint Committee on Public Employee Retirement. According to actuarial information provided by the retirement system, this proposal would constitute a "substantial proposed change" in future plan benefits as defined in section 105.660(10). Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

Section 70.605, 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747 and 70.748 - LAGERS

In response to a similar proposal, HCS for HB 2431 (2024), officials from the **Local Government Employees Retirement System (LAGERS)** assumed the proposal would make multiple amendments to the system's board structure and governance practices as prescribed in RSMO 70.605, including:

- Changing the quorum requirement of the Board of Trustees to a simple majority,
- Expanding the eligibility requirements for Employer Trustees by allowing executive-level employer representatives, such as City Administrators, to serve as an Employer Trustee,
- Replacing one Employer Trustee with one Retiree Trustee,
- And removing specific statutory requirements of how trustee elections should be conducted thereby allowing the LAGERS Board of Trustees to establish rules governing board elections.

LAGERS estimated that these changes will have a de minimis fiscal impact, if any, on the system but will result in intangible benefits by updating and modernizing governance practices.

LAGERS further assumed that with the exception of RSMo 70.748, the additional modifications to provisions in RSMo 70.630-70.748 are technical clean-up to the system's existing statutes and are assumed to have no fiscal impact on the system.

LAGERS assumed the additional language in RSMo 70.748 will allow for the pooling of assets for investment purposes of LAGERS' legacy plan, as authorized by RSMo 70.621, and the system's staff plan. The pooling of assets is expected to create administrative efficiencies, which are estimated to reduce the staff plan contribution rate by approximately 5-10% points. Any reduction in the system's administrative costs will ultimately result in more efficient costs for LAGERS employers. At this time, that impact, while positive, is unknown.

Oversight will show a range of impact of $0 (no savings to member employers) to an unknown savings to employer members of LAGERS.

Section 86.200 – Earnable Compensation – Police Retirement System of the City of St. Louis

Officials from the **Police Retirement System of City of St. Louis** and the **City of St. Louis** did not respond to **Oversight's** request for fiscal impact for this proposal.

Oversight assumes this provision would have an impact on the Police Retirement System of the City of St. Louis. However, Oversight assumes the impact would be minimal and would not translate into a change in employer contributions for the retirement system by the City of St. Louis. Therefore, Oversight will reflect a zero impact on the fiscal note for the City of St. Louis.

Sections 87.140 – 87.350 Trustees of the Firemen's Retirement System

In response to a similar proposal, HB 1980 (2024), officials from the **City of St. Louis** stated the proposed legislation would allow the trustees of the Firemen's Retirement System (FRS, a plan that was frozen in 2013) to act as trustees of the newer Firefighters' Retirement Plan (FRP) which originated in 2013 as part of a pension plan reform effort to address rising costs partly due to failures under the old FRS board. The reform was successful and has reduced pension costs which had been rising to an increasingly greater proportion of operating costs of the Fire Department. The proposed legislation jeopardizes the progress made through this reform effort.

Oversight notes this proposal allows the Board of the Firemen's Retirement Plan of St. Louis to act on behalf of all other city firefighter retirement plans in St. Louis City including the Firefighter's Retirement Plan of St. Louis.

Oversight assumes any decision by the Board to alter retirement benefits for the Firefighter's Retirement Plan of St. Louis would be an indirect impact. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight did not receive a response from the Firemen's Retirement Plan of St. Louis or the Firefighter's Retirement Plan of St. Louis related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Section 105.688 Closing Records

In response to a previous version, Perfected SS for SB 898 (2024), officials from the **Missouri State Employee's Retirement System**, **County Employees Retirement Fund**, **Metro St. Louis Sewer District Employees Pension Plan** and the **University of Missouri System** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for the employer members of these retirement systems for this provision.

In response to a similar proposal, Perfected HCS for HB 2431 (2024), officials from the **Kansas City Civilian Police Employees' Retirement**, **Kansas City Police Retirement System**, and the **Sheriff's Retirement System** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for the employer members of these retirement systems for this provision.

In response to a similar proposal, HCS for HB 2431 (2024), officials from the **MoDOT & Patrol Employees' Retirement System** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for the employer members of this retirement system for this provision.

<u>Sections 105.688 – 105.692 Environmental, Social, and Governance</u>

In response to a similar proposal, SB 1113 (2024), officials from the **Missouri State Employee's Retirement System (MOSERS)**, **University of Missouri System**, **City of Kansas City**, **County Employees Retirement Fund**, **Kansas City Employees' Retirement System**, **Kansas City Firefighter's Pension System**, **Kansas City Public School Retirement System**, **Kansas City Supplemental Retirement Plan**, **Rock Community Fire Protection District Retirement Plan**, **Northwest Missouri State University** and the **University of Central Missouri** each assume the proposal will have no fiscal impact on their respective organizations. Therefore, Oversight will reflect a zero impact in the fiscal note for the employer members of these retirement systems for this provision.

Officials from **MoDOT & Patrol Employees' Retirement System (MPERS)** state this proposal, if enacted, would modify provisions related to proxy voting and fiduciary investment duties for public retirement plans. Specifically, the proposed provision addressing the approach to environmental, social, and governance (ESG) issues would exclude those issues from consideration if consideration would override the investment fiduciary's duty as otherwise defined in section 105.688.

The second proposed amendment to section 105.688 states that the investment fiduciary shall not be subject to divestment legislation.

Proposed section 105.692 defines how proxy voting should be handled, in general and specifically where (ESG) issues are a factor. In this case, voting shares for the purpose to further ESG is prohibited.

The changes proposed in this bill would have the effect of managing matters that are currently politically and socially important without the negative impact of more restrictive legislation on public retirement system investments.

In response to a similar proposal, SB 1113 (2024), officials from the **Police Retirement System of Kansas City** and the **Civilian Employees' Retirement System of the Police Department of Kansas City** stated they are too small not to employ an investment fiduciary to manage pension system assets. It is not economically feasible for the plans to invest those funds internally. The managers selected by the Retirement Board may very well be index managers who will replicate the equity holdings of an appropriate index fund at a very low cost. Neither the investment manager nor the Retirement Board can dictate which investments are included in the index fund. The new provisions contained in this proposal could interfere with the Retirement Board's fiduciary duty, which may lead to suboptimal investment strategies and compromise the financial health of pension funds. The only goal is to make prudent long-term investments. The proxy voting provisions of section 105.692RSMo. would require either additional internal staff for the Retirement Systems or hiring a firm specifically for proxy voting. Both options would incur additional costs, the exact amount of which cannot be determined at this time.

In response to a similar proposal, SB 1113 (2024), officials from **Public Schools and Education Employee Retirement Systems** stated this legislation, as currently drafted, has no substantial fiscal or operational impact on PSRS or PEERS of Missouri.

In response to a similar proposal, SB 1113 (2024), officials from the **Sheriffs' Retirement System** stated this proposal may have a negative impact if this legislation passes. The Retirement system hires investment managers to invest its assets based on the investment policy. Setting constraints on investment guidelines has a potential of limiting investment earnings used to finance the retirement system. At this time, the negative impact is unknown.

In response to a similar proposal, SB 1113 (2024), officials from the **Metro St. Louis Sewer District Employees Pension Plan (MSD)** stated this legislation could have an impact on MSD and its ratepayers.

The MSD Employees' Pension plan does not consider investments or fiduciary partners based on ESG characteristics, however MSD is concerned that targeting these characteristics for exclusion may limit a fiduciary's ability to discharge his or her duties in the best interest of the participants in the system and their beneficiaries. As written, the legislation may not restrict a fiduciary's ability to invest and appropriately diversify but the addition of specific language to target certain characteristics for political reasons causes confusion that may prevent rational investment decisions that could enhance risk management and/or returns and creates concern that certain investment managers may become targets for offering products with ESG characteristics even if those products are not being used by the Plan. The existing legislation spells out a fiduciary's obligations well and is sufficient.

In response to a similar proposal, SB 1113 (2024), officials from the **Employees Retirement System of the City of St. Louis** stated, the money managers hired by the Board also vote proxies on the System's behalf. The System's only requirement for voting the proxies is that the vote be in the best interests of the System and its participants. By requiring or prohibiting certain considerations which could be viewed by the money managers as in the best interests of the System and its participants or creating economic value, you restrict the money manager's ability to vote the proxies in a manner that may enhance shareholder value. It is speculative to put a dollar amount on such considerations, but it will cost more to administer such considerations as money managers may be unwilling to accept the risk associated with voting the proxies. This would require the System to hire a proxy voting company and pay additional fees.

The representatives of Marquette Associates expressed their belief that requiring consideration of such matters may prevent some investment managers from managing assets of Missouri public pension plans and severely limit opportunities offered by commingled investment vehicles (which are much more cost effective for smaller public pension plans like the System). Proposed pieces of legislation which impose financial penalties on investment fiduciaries who take these matters into consideration may have a chilling effect on the number of money managers willing to provide services to Missouri public pension plans. The money managers may decide not to take on risk when public pension plans in other states don't have financial penalties.

Oversight assumes this proposal may limit investment decisions to already established fiduciary duties. Based on the majority of responses, Oversight assumes this provision would not have a material direct fiscal impact.

<u>Section 143.124 Private Pension Income Tax Deduction</u>

Officials from the **Department of Revenue (DOR)** note currently, some taxpayers who receive a private pension are allowed to subtract a portion of the pension from their Missouri adjusted gross income when determining taxable income. Those eligible for the subtraction must have income under $25,000 for a single, head of household or qualified widow(er), under $32,000 for married filing combined filers and under $16,000 for those married but filing separately. The subtraction allows for the first $6,000 of the pension for individual filers and $12,000 for married filing combined filers.

This proposal will raise the $6,000 to $12,000 for all filers. Additionally, this proposal raises the income limits for individual filers from $25,000 to $50,000, for married filing combined filers from $32,000 to $64,000 and for those married filing separate filers from $16,000 to $32,600. These changes are expected to lower these filers MAGI.

In order to determine the fiscal impact, the Department used its internal Income Tax Model that contains confidential taxpayer data from tax year 2021 (the most complete year available). DOR notes that currently taxpayers report $123,086,008,997 in taxable private pension income. Accounting for the changes outlined in the proposal, this could result in a another $2,353,428,811 in private pension income being eligible for the subtraction.

Note that subtractions do not reduce revenues on a dollar-for-dollar basis, but rather in proportion to the top tax rate applied. SB 3(2022) is allowing the individual income tax rate to decrease over a period of several years. Therefore, DOR will show the impact of this proposal with each expected rate drop.

Table 1: Estimated Revenue Loss by Fiscal Year

Tax Rate	Tax Year (Fiscal Year)			
	2025 (FY26)	2026 (FY27)	2027 (FY28)	2028 (FY29)
4.8%	($112,964,583)	($112,964,583)	($112,964,583)	($112,964,583)
4.7%	($110,611,154)	($110,611,154)	($110,611,154)	($110,611,154)
4.6%		($108,257,725)	($108,257,725)	($108,257,725)
4.5%			($105,904,296)	($105,904,296)

This proposal states that these changes will begin January 1, 2025, and therefore will not impact state revenue until the first tax returns are filed in January 2026 (FY 2026).

This proposal will require DOR to modify the MO-A and MO-1040 forms ($7,138), their website and individual income tax computer programming system ($1,785). These items are estimated to cost $8,923.

Oversight assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the administrative costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Officials from the **Office of Administration - Budget and Planning (B&P)** note currently taxpayers may subtract $6,000 of their individual retirement income, if their Missouri Adjusted Gross Income (MAGI) is less than $25,000 for taxpayers filing single or head of household and $32,000 for married filing combined taxpayers. B&P notes that these private pensions include IRAs, 401(k) plans, private pensions, annuities, and self-employed (Keogh) plans.

This proposal would allow taxpayers to subtract $12,000 of their retirement income, if their MAGI is less than $50,000 for individuals and $64,000 for married filing combined taxpayers, beginning tax year 2025.

Based on tax year 2021 data, the most recent complete year available, Missouri taxpayers reported $123,086,008,997 in taxable private pension income. However, as noted above taxpayers with MAGI below the current thresholds are already allowed a deduction. Therefore, B&P estimates that this proposal could exempt $2,353,428,811 in private pension income.

However, subtractions do not reduce revenues on a dollar-for-dollar basis, but rather in proportion to the top tax rate applied. Therefore, B&P will show the estimated impacts throughout the implementation of the tax rate reductions from SB 3 (2022). Consequently, B&P

estimates that exempting individual retirement arrangement payments could reduce TSR and GR by $112,964,583 (top tax rate 4.8%) or by $110,611,154 (top tax rate 4.7%) in FY26. Once SB 3 (2022) has fully implemented, this provision could reduce TSR and GR by $105,904,296 annually.

Table 1: Estimated Revenue Loss by Fiscal Year

Tax Rate	Tax Year (Fiscal Year)			
	2025 (FY26)	2026 (FY27)	2027 (FY28)	2028 (FY29)
4.8%	($112,964,583)	($112,964,583)	($112,964,583)	($112,964,583)
4.7%	($110,611,154)	($110,611,154)	($110,611,154)	($110,611,154)
4.6%		($108,257,725)	($108,257,725)	($108,257,725)
4.5%			($105,904,296)	($105,904,296)

Oversight notes both DOR and B&P's estimates include data from DOR and B&P's internal Income Tax Model.

Oversight notes that it does not currently have the resources and/or access to state tax data to produce a thorough independent revenue estimate and is unable to verify the revenue estimates provided by B&P and DOR. Therefore, for the purpose of this fiscal note, Oversight will utilize B&P's estimated impact for this proposal.

Oversight notes for the purpose of the fiscal note, Oversight assumes a top income tax rate of 4.8% in tax year 2024 (FY 2025) and future income tax rate reductions from SB 3 (2022) will trigger consecutively (4.7% in FY 2026, 4.6% in FY 2027, and 4.5% in FY 2028+).

<u>Section 169.070 – Benefit Multiplier PSRS</u>

Officials from **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** state, currently, members of PSRS who have 30 years or more of creditable service but less than 32 years of service and retire have their retirement benefit calculated using a multiplier of 2.50%. PSRS members with 32 or more years of services who retire have their retirement benefit calculated using a multiplier of 2.55%. The multiplier (also frequently referred to as the formula factor) is applied to the member's final average salary for each year of membership service.

This legislation amends RSMo Section 169.070 to provide PSRS members retiring with at least 33 years of membership service a benefit equal to 2.60% (versus 2.55%) of final average salary for each year of membership service.

The Systems have an actuary firm, PwC US (PwC), that prepares actuarial cost statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems.

Per PwC, the proposed changes would provide a higher benefit multiplier to members who earn 33 or more years of service, compared to the current benefit provisions. The fiscal impact of the proposed change therefore depends on whether or not member retirement patterns would change as a result of the 2.60% benefit multiplier being available (i.e., for members currently assumed to retire before 33 years of service, would they be willing to work longer to receive the 2.60% multiplier). Currently it is assumed that a percentage of members will continue to work until they earn 33 years of service or more before retiring. To the extent that retirement patterns do not change, the proposal would result in a fiscal cost since members currently assumed to retire with 33 or more years of service would receive a larger benefit. On the other hand, if a sufficient number of members are incentivized by the 2.60% multiplier to work longer and forego retirement at earlier ages (e.g., when they first qualify for unreduced benefits with 80 age + service points, or at 30 years of service) when the PSRS retirement allowance is typically the most valuable on a present value basis, the proposal would result in a fiscal gain.

It is noted that 2023 Senate Bill 75 (HCS/SS/SB 75) became effective August 28, 2023 and added a 2.55% benefit formula multiplier for PSRS members who have 32 or more years of service at retirement. This change was reflected in the June 30, 2023 valuation for PSRS and the assumed retirement rates were updated for the June 30, 2023 valuation to reflect lower retirement rates prior to 32 years of service and higher retirement rates on and after 32 years of service as a result. The assumed retirement rates were based on the retirement assumption in effect when the 2.55% multiplier was previously available at 31 years of service and reflect an expectation that some members would delay retirement in order to receive the 2.55% benefit multiplier at 32 years of service. It is also noted that 2022 SB 681 temporarily suspends the hours and compensation limitations for retired PSRS members working after retirement in substitute teaching positions on a part-time or temporary substitute basis. This change is temporary through June 30, 2025, but could temporarily incentivize members to retire earlier and return to work on a parttime or temporary basis. However, PWC have not observed significant changes in retirement rates attributable to SB 681, so PWC have not reflected any short-term changes in retirement rates associated with SB 681 in their analysis of this proposal.

Given the similarity of the proposed change to the recently enacted 2023 Senate Bill 75 (HCS/SS/SB 75), and the temporary nature of 2022 SB 681, PWC would not expect significant incremental changes in retirement patterns if the proposal were enacted. Therefore, PWC expects the proposal would have **an insignificant fiscal impact on the System, which could be either a small fiscal cost or a small fiscal gain**. Since PWC expects the magnitude of the fiscal impact to be insignificant, they have not performed a detailed actuarial valuation of the impact.

Oversight assumes the impact to the System would be immaterial. Therefore, Oversight will reflect a zero impact in the fiscal note for the employer members of the retirement system.

<u>Section 169.560 and 169.660 – Working After Retirement PSRS and PEERS</u>

Officials from the **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** state, currently, a retired member, except for those retired due to disability, of the Public School Retirement System ("PSRS") may work after retirement in a certified position with a covered employer without discontinuance of his or her retirement benefits if the member does not exceed 550 hours of work each school year and 50% of the annual compensation to the person who last held the position. This legislation expands the same provisions to include those retired due to disability. Disabled retirees must continue to meet all other requirements. This legislation also broadens the 50% annual compensation limit to include 50% of the annual compensation to the person who last held the position or 50% of the limit set by the employer's school board for the position.

Additionally, current law provides that if a member of PSRS or the Public Education Employee Retirement System ("PEERS") is in excess of the limitations, the member shall not be eligible to receive the retirement allowance for any month so employed. This legislation provides that either the member shall not be eligible to receive the retirement allowance for any month so employed or the retirement system shall recover the amount earned in excess of the limitations, whichever is less. This legislation also allows PEERS members retired due to disability to be employed under these provisions. Disabled retirees must continue to meet all other requirements.

The provisions in this legislation provide administrative and operational efficiencies for the Systems, without additional fiscal impacts. The Systems' participating employers and members also benefit from these enhancements. <u>The impacts to the Systems are all positive in nature</u>.

The Systems have an actuary firm, PwC US (PWC), that prepares actuarial cost statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems.

Section 169.560 – As of June 30, 2023, it is PWC's understanding that there were only 23 retired PSRS members (of 63,262 service retirees) who had returned to work in a capacity that resulted in suspension of their retirement allowance, and only a subset of those members, if any, would have earnings in excess of the limits in an amount that is less than their retirement allowance. PWC also note that 2022 Conference Committee Substitute No. 2 for House Committee Substitute for Senate Substitute for Senate Committee Substitute for Senate Bills Nos. 681 & 662 ("2022 CCS#2 HCS SS SCS SBs 681 and 662", also abbreviated as "SB 681") temporarily suspends the hours and compensation limits for retired PSRS members working after retirement in substitute teaching positions on a parttime or temporary substitute basis through June 30, 2025. Finally, as communicated by System staff, it is PWC's understanding that the proposed changes could reduce the administrative and legal costs associated with appeals by retired members who inadvertently exceed the working after retirement limitations, which could offset the reduction in suspended benefits retained by the System.

For the reasons noted above, PWC estimates the proposed changes would have **an insignificant fiscal impact to PSRS.**

Section 169.660 – As of June 30, 2023, it is PWC's understanding that there were only 44 retired PEERS members (of 34,281 service retirees) who had returned to work in a capacity that resulted in suspension of their retirement allowance, and only a subset of those members, if any, would have earnings in excess of the limits in an amount that is less than their retirement allowance. Finally, as communicated by System staff, it is PWC's understanding that the proposed changes could reduce the administrative and legal costs associated with appeals by retired members who inadvertently exceed the working after retirement limitations, which could offset the reduction in suspended benefits retained by the System.

For the reasons noted above, PWC estimates the proposed changes would have **an insignificant fiscal impact to PEERS**.

Oversight assumes the impact to the System from these provisions would be immaterial. Therefore, Oversight will reflect a zero impact in the fiscal note for the employer members of the retirement system.

Responses regarding the proposed legislation as a whole

Officials from the **Missouri State Employee's Retirement System**, **County Employees Retirement Fund**, **Kansas City Public School Retirement System** and the **University of Missouri System** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for the employer members of these retirement systems.

FISCAL IMPACT – State Government	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
Revenue Reduction - §143.124 - Private Pension Income Tax Subtraction - p.7-9	$0	($110,611,154)	($108,257,725)
ESTIMATED NET IMPACT ON GENERAL REVENUE FUND	**$0**	**($110,611,154)**	**($108,257,725)**

FISCAL IMPACT – Local Government	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
Savings – from reduced employer contributions to LAGERS - §70.748 – p.3-4	$0	$0 or Unknown	$0 or Unknown
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	**$0**	**$0 or Unknown**	**$0 or Unknown**

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act modifies provisions relating to pensions.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Local Government Employees Retirement System
Office of Administration - Budget and Planning
Department of Revenue
Missouri State Employee's Retirement System
MoDOT & Patrol Employees’ Retirement System’
University of Missouri System
Public Schools and Education Employee Retirement Systems
Local Government Employees Retirement System
City of St. Louis
County Employees Retirement Fund
Kansas City Civilian Police Employees' Retirement
Kansas City Police Retirement System
Kansas City Public School Retirement System
Metro St. Louis Sewer District Employees Pension Plan
Sheriff's Retirement System
Northwest Missouri State University
University of Central Missouri

Julie Morff
Director
May 6, 2024

Ross Strope
Assistant Director
May 6, 2024