Amend KRS 61.522 to provide a one-time window where quasi-governmental agencies may voluntarily cease participation in the Kentucky Employees Retirement System (KERS) effective June 30, 2020, for nonhazardous employees by paying the actuarial costs of ceasing participation by lump-sum or installments; provide that an eligible KERS employer may request an estimate of the cost of ceasing participation in the system; provide that a ceasing quasi-governmental employer may elect to allow current employees who entered KERS prior to 1/1/2014 (Tier I and II employees), to continue to participate in the system after June 30, 2020, by paying the additional actuarial costs; provide that employees of the ceasing employer who are no longer participating in KERS shall participate in a defined contribution plan established by the employer; vary assumed rate of return/discount rate used to determine cessation costs from 3% to 4.5% based upon employers decisions regarding payment type (lump-sum vs. installments) and whether or not the employer allows Tier I and II employees to participate in KERS after June 30, 2020; require lump-sum payments for ceasing participation to be paid within one year; establish a maximum installment period of 30 years with interest at the assumed rate of return; establish installment payment amounts that are the higher of FY 2019-2020 employer contributions or the amount determined by multiplying 49.47% of pay by annual average payroll over prior 60 months in which contributions were paid and increasing the dollar value by 1.5% annually, except that if an employer cannot pay off its costs within 30 years and has elected for its Tier I and II employees to continue participating in KERS after June 30, 2020, the base payment amount will be adjusted to ensure payment within 30 years; provide that KERS quasi-governmental agencies receiving General Fund assistance to pay the higher employer rates will continue to receive the assistance until all costs are paid; amend KRS 61.675 to provide that if a KERS employer has elected to pay the costs of ceasing participation by installments and is delinquent for 90 days or more in making payments, the systems: shall not allow future service credit accruals if the employer's employees are participating in the system after the cessation date until such time payments are up to date; may file action in Franklin Circuit Court to collect delinquent funds; and shall notify the Finance & Administration Cabinet who may
choose to withhold state appropriations to the ceasing employer until such time the payments are made; amend KRS 18A.225 and 18A.205 to provide that a ceasing KERS employer who participated in the state health and life insurance plans prior to ceasing participation may continue to participate in the plans after ceasing participation; provide that a ceasing KERS employer under subsection (8) of Section 1 of this Act may finance costs including financing the costs through bond issues; provide that the KERS employer contribution rate shall be 49.47% of pay in FY 2019-2020, retroactive to July 1, 2019, for Regional Mental Health Programs, Local and District Health Departments, domestic violence shelters, rape crisis centers, child advocacy centers, state-supported universities and community colleges, and any other agency eligible to voluntarily cease participating in the Kentucky Employees Retirement System pursuant to KRS 61.522; include nonseverability provisions; **EMERGENCY.**

**House Floor Amendment 1** Delete the original provisions of the bill; freeze the employer contribution rate of 49.47 percent for the fiscal year beginning on July 1, 2019, for pension and health insurance for nonhazardous duty employees participating in the Kentucky Employees Retirement System who are employed by mental health/mental retardation boards, local and district health departments, domestic violence shelters, rape crisis centers, child advocacy centers, state-supported universities and community colleges, and any other agency eligible to voluntarily cease participating in the Kentucky Employees Retirement System; RETROACTIVE; **EMERGENCY.**

**House Floor Amendment 2** Delete Section 7 relating to nonseverability of bill provisions.

**House Floor Amendment 3** Provide that the nonseverability provisions shall not apply to Section 6 pertaining to the KERS employer rate paid in FY 2019-2020 by quasi-governmental employers.

**House Floor Amendment 4** Retain Sections 2 to 8 of the bill; replace Section 1 of the bill and amend KRS 61.522 to provide a one-time window where quasi-governmental agencies, including local and district health departments and state-supported universities and community colleges, may voluntarily cease participation in the Kentucky Employees Retirement System (KERS) effective June 30, 2020, for nonhazardous employees by paying the actuarial costs of ceasing participation by lump-sum or installments; provide that an eligible KERS employer may request an estimate of the cost of ceasing participation in the system; for any employer whose cessation date occurs on or after the date of the Act, allow employees participating prior to January 1, 2014, (Tier I and II) and hired prior to the effective cessation date a one-time election to continue participating in the system from which the employer ceased participation; provide that employees of the ceasing employer who are hired after the effective
cessation date or whose participation with the system occurred on or after January 1, 2014 (Tier III), shall participate in a defined contribution plan established by the employer; vary assumed rate of return/discount rate used to determine cessation costs from 3% to 3.5% based upon employers' decisions regarding payment type (lump-sum vs. installments) and require lump-sum payments for ceasing participation to be paid within one year; establish a maximum installment period of 30 years with interest at the assumed rate of return; establish installment payment amounts that are the higher of FY 2019-2020 employer contributions or the amount determined by multiplying 49.47% of pay by annual average payroll over prior 60 months in which contributions were paid and increasing the dollar value by 1.5% annually, except that if an employer cannot pay off its costs within 30 years and one or more of its employees Tier I and II employees elected to continue participating in KERS after June 30, 2020, the base payment amount will be adjusted to ensure payment within 30 years, but if none of its elected to continue participating in KERS after June 30, 2020, then the employer shall pay the original rate for 30 years and no additional costs or adjustments will apply; provide that KERS quasi-governmental agencies receiving General Fund assistance to pay the higher employer rates will continue to receive the assistance until all costs are paid; EMERGENCY.

07/19/19 introduced in House to State Government (H)
taken from State Government (H)
1st reading
returned to State Government (H)
posted in committee

07/20/19 reported favorably, 2nd reading, to Rules
floor amendments (1), (2) and (3) filed
posted for passage in the Regular Orders of the Day for Monday, July 22, 2019

07/22/19 floor amendment (4) filed
3rd reading
floor amendments (2) and (3) ruled not germane to the Governor's Call
floor amendment (1) ruled out of order
bill passed 52-46
received in Senate
to Committee on Committees (S)
taken from Committee on Committees (S)
1st reading
returned to Committee on Committees (S)
to State & Local Government (S)
Amend KRS 61.510 to define for the Kentucky Employees Retirement System (KERS) "quasi-governmental employer" and "governmental employer"; define quasi-governmental employers as Mental Health/Mental Retardation Boards, Local and District Health Departments, domestic violence shelters, rape crisis centers, child advocacy centers, state supported universities and community colleges participating in KERS, and any other agency eligible to voluntarily cease participation in KERS pursuant to KRS 61.522; define governmental employer as any other KERS employer who is not a quasi-governmental employer; make technical amendments to conform to court decision regarding 2018 RS SB 151 as it relates to the unfunded liability amortization method; repeal reenact, and amend KRS 61.565 to provide that from July 1, 2019, to June 30, 2044, the KERS nonhazardous employer contribution rate for quasi-governmental employers shall be 49.47% of pay and for governmental employers shall be the full actuarially required contribution rate, including the costs for keeping the KERS quasi-governmental employer rate at 49.47% of pay; provide that of the total employer rate paid by quasi-governmental employers and governmental employers, the amount paid to the retiree health fund from July 1, 2019, to June 30, 2024, shall be the normal cost of the fund not to exceed 2.21% of pay and that any other funding that would have otherwise been paid to the retiree health fund shall be paid into the pension fund; provide that the amount paid by KERS quasi-governmental and governmental employers from July 1, 2019, to June 30, 2044, in terms of dollars shall not be less than the dollar amount paid by the employer in fiscal year 2018-2019; make technical amendments to conform to court decision regarding 2018 RS SB 151; amend KRS 61.670 to provide that in evaluating the assumed rate of return and discount rate used in the annual valuation and actuarial experience study, the Kentucky Retirement Systems (KRS) board and consulting actuary shall consider investment returns over a period greater than 20 years and shall not adjust the assumed rate of return or discount rate by more than 0.25% per year; provide that actuarial reports sent by the KRS to the Legislative Research Commission (LRC) shall upon receipt by LRC be distributed to all members of the General Assembly; set the employer contribution rate at 49.47% of pay for fiscal year 2019-2020 for KERS employers who are mental
health/mental retardation boards, local and district health departments, domestic violence shelters, rape crisis centers, child advocacy centers, state-supported universities and community colleges, and any other agency eligible to voluntarily cease participating in the Kentucky Employees Retirement System, make retroactive to July 1, 2019; APPROPRIATION; EMERGENCY.

07/19/19 introduced in House to State Government (H) taken from State Government (H) 1st reading returned to State Government (H) posted in committee


Freeze the employer contribution rate of 49.47 percent for the fiscal year beginning on July 1, 2019, for pension and health insurance for nonhazardous duty employees participating in the Kentucky Employees Retirement System who are employed by mental health/mental retardation boards, local and district health departments, domestic violence shelters, rape crisis centers, child advocacy centers, state-supported universities and community colleges, and any other agency eligible to voluntarily cease participating in the Kentucky Employees Retirement System; APPROPRIATION; RETROACTIVE; EMERGENCY.

07/19/19 introduced in House to State Government (H) taken from State Government (H) 1st reading returned to State Government (H) posted in committee