

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6208

BILL NUMBER: HB 1232

NOTE PREPARED: Nov 15, 2006

BILL AMENDED:

SUBJECT: Pension Relief Fund Distributions.

FIRST AUTHOR: Rep. Moses

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill extends until January 1, 2011, additional distributions from the Pension Relief Fund ensuring that at least 50% of the pension liability of each unit of local government is paid from the Pension Relief Fund.

(The introduced version of this bill was prepared by the Pension Management Oversight Commission.)

Effective Date: July 1, 2007.

Explanation of State Expenditures: The bill will result in additional Pension Relief Fund distributions of approximately \$9.4 M in CY 2009 (from \$113.0 M to \$122.4 M) and \$11.2 M in CY 2010 (from \$113.9 M to \$125.1 M).

The present value of these additional Pension Relief Fund distributions as of January 1, 2007, at 6% is about \$17.2 M.

The total Pension Relief Fund distribution for 2006 was \$129,363,434.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Expenditures*.

State Agencies Affected: Public Employees' Retirement Fund as administrators of the Pension Relief Fund.

Local Agencies Affected: Recipients of Pension Relief Fund distributions.

Information Sources: Doug Todd of McCready & Keane, Inc., actuaries for PERF and the Police and Fire Funds, 317-576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITIONS:

Present Value– The present value (sometimes called actuarial present value) of an amount or series of amounts payable or receivable in the future is their current worth after discounting each such amount at an assumed rate of interest and adjusting for the probability of its payment or receipt.