

28 Chapter 12, Public Employees' Contributory Retirement Act, and Chapter 13, Public
29 Employees' Noncontributory Retirement Act, whose retirement allowance, when calculated,
30 amounts to less than the allowance provided by using at least 1.5% per year of service factor
31 for all years of service rendered prior to July 1, 1975.

32 (b) The benefit provided in Subsection (1)(a) shall be calculated by the board using a
33 formula based upon actuarial assumptions and principles that results in a benefit that is as close
34 as reasonably possible to 1.5% per year of service for each retiree for all years of service
35 rendered prior to July 1, 1975.

36 (2) After consultation with representatives of those retirees under Title 49, Chapters 12
37 and 13, the board shall adopt rules governing the distribution of any additional retirement
38 benefit under this section.

39 (3) The additional benefit provided in Subsection (1) shall be funded by an increase in
40 the certified contribution rates under Sections 49-12-301 and 49-13-301.

41 **Section 2. Effective date.**

42 This bill takes effect on July 1, 2004.

Legislative Review Note
as of 12-9-03 12:46 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

State Impact

This bill increases the service factor for all retirees for all years of service to "at least 1.5 percent". This will result in increased retirement rates for all current employees covered by the contributory and noncontributory retirement plans. Assuming the 1.5 percent level, the cost is estimated at \$1.7 million, distributed among all state agencies and public and higher education.

The bill also would affect local governments whose retirement rates would increase by 0.04 percent, funded from local revenues.

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2006</u>
	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>
General Fund	\$328,600	\$328,600	\$0	\$0
Uniform School Fund	\$1,079,600	\$1,079,600	\$0	\$0
Transportation Fund	\$48,400	\$48,400	\$0	\$0
Federal Funds	\$129,700	\$129,700	\$0	\$0
Dedicated Credits Revenue	\$30,000	\$30,000	\$0	\$0
Transfers	\$26,400	\$26,400	\$0	\$0
Restricted Funds	\$76,000	\$76,000	\$0	\$0
TOTAL	\$1,718,700	\$1,718,700	\$0	\$0

Individual and Business Impact

This bill could increase the benefits for some public sector retirees.