

1                                   **PUBLIC SAFETY RETIREMENT AMENDMENTS**

2   2005 GENERAL SESSION

3   STATE OF UTAH

4                                   **Sponsor: D. Chris Buttars**

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6 **LONG TITLE**

7 **General Description:**

8               This bill modifies the Utah State Retirement Act by increasing the cost-of-living  
9 allowance for members of the Public Safety Retirement Systems.

10 **Highlighted Provisions:**

11               This bill:

- 12               ▶ increases the cost-of-living allowance for members of the Public Safety  
13 Contributory Retirement System; and  
14               ▶ increases the cost-of-living allowance for members of the Public Safety  
15 Noncontributory Retirement System.

16 **Monies Appropriated in this Bill:**

17               None

18 **Other Special Clauses:**

19               This bill takes effect on July 1, 2005.

20 **Utah Code Sections Affected:**

21 **AMENDS:**

22               **49-14-403**, as renumbered and amended by Chapter 250, Laws of Utah 2002

23               **49-15-403**, as renumbered and amended by Chapter 250, Laws of Utah 2002

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25 *Be it enacted by the Legislature of the state of Utah:*

26               Section 1. Section **49-14-403** is amended to read:

27               **49-14-403. Annual cost-of-living adjustment.**



- 28 (1) The office shall make an annual cost-of-living adjustment to:
- 29 (a) an original allowance paid under Section 49-14-402 and Part 5, Death Benefit, of
- 30 this chapter if the allowance has been paid for at least one year; and
- 31 (b) an original payment made to an alternate payee under a domestic relations order, if
- 32 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.
- 33 (2) (a) The original allowance shall be increased by the annual increase in the
- 34 Consumer Price Index up to a maximum of [~~2.5%~~] 4%.
- 35 (b) Annual increases in the Consumer Price Index in excess of [~~2.5%~~] 4% shall be
- 36 accumulated and used in subsequent adjustments when the annual increase in the Consumer
- 37 Price Index is less than [~~2.5%~~] 4%.
- 38 (3) The Consumer Price Index used in calculating adjustments shall be a United States
- 39 Bureau of Labor Statistics Consumer Price Index average as determined by the board.
- 40 (4) The cost-of-living adjustment made under this section may not decrease the
- 41 allowance.

42 Section 2. Section **49-15-403** is amended to read:

43 **49-15-403. Annual cost-of-living adjustment.**

- 44 (1) The office shall make an annual cost-of-living adjustment to:
- 45 (a) an original allowance paid under Section 49-15-402 and Part 5, Death Benefit, of
- 46 this chapter if the allowance has been paid for at least one year; and
- 47 (b) an original payment made to an alternate payee under a domestic relations order if
- 48 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.
- 49 (2) (a) The original allowance shall be increased by the annual increase in the
- 50 Consumer Price Index up to a maximum of [~~2.5%~~] 4%.
- 51 (b) Annual increases in the Consumer Price Index in excess of [~~2.5%~~] 4% shall be
- 52 accumulated and used in subsequent adjustments when the annual increase in the Consumer
- 53 Price Index is less than [~~2.5%~~] 4%.
- 54 (3) The Consumer Price Index used in calculating adjustments shall be a United States
- 55 Bureau of Labor Statistics Consumer Price Index average as determined by the board.
- 56 (4) The cost-of-living adjustment made under this section may not decrease the
- 57 allowance.

58 Section 3. **Effective date.**

This bill takes effect on July 1, 2005.

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**Legislative Review Note**

as of 1-27-05 11:24 AM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

**Office of Legislative Research and General Counsel**

**State Impact**

This bill will require an increase in the State and local government public safety retirement rates. The state rates would increase by 2.23 percentage points, requiring an appropriation of \$2.1 million from various funding sources.

The rate increase for local governments would vary between entities, ranging from 1.84 percentage points to 2.8 points. For example, the rate for Salt Lake City would increase by 2.8 points.

	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2006</u> <u>Revenue</u>	<u>FY 2007</u> <u>Revenue</u>
General Fund	\$1,980,300	\$1,980,300	\$0	\$0
TransportationFund	\$900	\$900	\$0	\$0
Federal Funds	\$7,500	\$7,500	\$0	\$0
Dedicated Credits	\$10,300	\$10,300	\$0	\$0
Restricted Funds	\$138,100	\$138,100	\$0	\$0
<b>TOTAL</b>	<b>\$2,137,100</b>	<b>\$2,137,100</b>	<b>\$0</b>	<b>\$0</b>

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**Individual and Business Impact**

This bill could increase the annual increase to the retirement benefit for retirees covered by Public Safety Retirement from 2.5 percent to 4 percent per year, depending on the Consumer Price Index.

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