



**Fiscal Note**  
**H.B. 205 1st Sub. (Buff)**  
 2016 General Session  
 Tier II Retirement Amendments  
 by Cunningham, R. (Cunningham, Rich.)



**General, Education, and Uniform School Funds**

JR4-5-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$(4,876,300)	\$4,876,300	\$0

**State Government**

UCA 36-12-13(2)(b)

Enactment of this legislation likely will not materially impact state revenue.

Revenues	FY 2016	FY 2017	FY 2018
Total Revenues	\$0	\$0	\$0

Enactment of this legislation would increase the state cost of retirement benefits for state, higher education, and public education employees by approximately \$6 million beginning in fiscal year 2018.

Expenditures	FY 2016	FY 2017	FY 2018
General Fund	\$0	\$850,100	\$850,100
General Fund, One-Time	\$0	\$(850,100)	\$0
Education Fund	\$0	\$4,026,200	\$4,026,200
Education Fund, One-Time	\$0	\$(4,026,200)	\$0
Transportation Fund	\$0	\$167,700	\$167,700
Transportation Fund, One-time	\$0	\$(167,700)	\$0
Federal Funds	\$0	\$0	\$292,100
Dedicated Credits	\$0	\$0	\$447,600
Restricted Funds	\$0	\$0	\$134,900
Other	\$0	\$0	\$130,300
Total Expenditures	\$0	\$0	\$6,048,900

<b>Net All Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$(6,048,900)</b>
----------------------	------------	------------	----------------------

**Local Government**

UCA 36-12-13(2)(c)

Enactment of this legislation could cost local governments approximately \$3.2 million per year and local school districts approximately \$0.8 million per year ongoing from local revenue beginning in fiscal year 2018.

Enactment of this legislation would likely increase the actuarially determined contribution rates for Tier II hybrid plans by 0.60% for public employees and 2.61% for public safety employees and firefighters. Public employees and public safety and firefighter employees enrolled in the Tier II defined contribution plan would see an increase in contributions to their retirement plans by 1% and 2% respectively. Public employees enrolled in the hybrid plan would experience enhancements in the defined benefit component of their plan and receive an increase of 0.4% to the defined contribution component. Public safety and firefighter employees would also experience enhancements in the defined benefit component of their plan, but would see a reduction of 0.61% to the defined contribution component. Additionally, the presumed incentive for employees to retire earlier would increase the unfunded actuarial liability for the Tier II hybrid systems by \$8.6 million for public employees and \$2.2 million for public safety and firefighters.

**Performance Note**

JR4-2-404

No performance note required for this bill

**Notes on Notes**

Fiscal notes estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal note is not an appropriation. The Legislature decides appropriations separately.