

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6885**  
**BILL NUMBER: SB 200**

**DATE PREPARED:** Dec 17, 1998  
**BILL AMENDED:**

**SUBJECT:** Appropriation to the Pension Relief Fund.

**FISCAL ANALYST:** James Sperlik  
**PHONE NUMBER:** 232-9866

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			
State Expenditures		100,000,000	
Net Increase (Decrease)		(100,000,000)	

**Summary of Legislation:** This bill appropriates \$100,000,000 from the State General Fund to the Pension Relief Fund.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** This bill appropriates \$100,000,000 from the State General Fund to the “m” portion of the Pension Relief Fund beginning July 1, 1999, and ending June 30, 2000. The “m” portion of the Pension Relief Fund provides relief to those units most in need. It addresses the “distressed” communities. The distribution is based on calculation of the communities’ total net police and fire pension payment, with a qualification level of those communities with annual payments equal to or greater than 10% of the maximum property tax levy. The relief is focused on unfunded liabilities, allowing units to freeze those payments to their current percentage of the maximum levy.

This appropriation would extend the “m” portion of the Pension Relief Fund an additional 2.5 years, from 2011 to mid 2013. In the year 2011, there would be an extra distribution of \$76,130,000. In the year 2012 there would be an extra distribution of \$88,936,000, and in 2013 there would be an extra distribution of \$46,278,000. Interest rate was assumed to be 6% annually.

**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:** Those units who qualify for additional relief under the “m” portion of the Pension Relief Fund. About 105 municipalities receive distributions from the “m” portion of the Pension Relief Fund.

**Information Sources:** Doug Todd of McCready & Keene, Inc., actuaries for PERF and the Pension Relief Fund, 576-1508.