

May 8, 2015

The Honorable Ron Ryckman, Jr., Chairperson
House Committee on Appropriations
Statehouse, Room 111-N
Topeka, Kansas 66612

Dear Representative Ryckman:

SUBJECT: Fiscal Note for HB 2073 by House Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2073 is respectfully submitted to your committee.

HB 2073 would reduce the mandatory retirement age for Court of Appeals judges and justices of the Supreme Court from age 75 to age 65. The bill would also reduce the mandatory retirement age for all judges from age 75 to age 70. All judges and justices would be permitted to finish serving the term during which the judge or justice attains the mandatory age retirement age.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$206,000
FTE Pos.	--	--	--	--

Passage of HB 2073 could increase employer contributions for the Judges Retirement System by approximately \$206,000 in FY 2016. According to a cost study conducted by KPERS' consulting actuary, the bill would add \$1.6 million to the unfunded actuarial liability (UAL) for the Judges Retirement System which would require an increase of employer contributions of \$158,000 per year for the remaining 19 years of the current amortization period of the UAL. The bill would also increase the "normal cost" of judge retirement benefits by \$48,000. Over time, the "normal cost" is expected to increase in parallel with any payroll increases for active members.

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The Office of Judicial Administration indicates that the bill would have a fiscal effect on Judicial Branch expenditures but the precise fiscal effect is difficult to estimate. Of the 20 current appellate justices and judges, five would be required to leave office at the end of their current terms. There are also 17 current district and district magistrate judges over the age of 70 who would be required to leave office at the end of their current terms. The Office presumes that many judges would leave office sooner under the provisions of HB 2073 than they would otherwise leave under current law. This could accelerate expenses for replacing retiring judges with new judges. Some amount of salary savings would be generated from judge turnover. Any fiscal effect associated with HB 2073 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Mary Rinehart, Judiciary
Faith Loretto, KPERS