COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 2441** February 26, 2019

SPONSOR (S): Martwick

SYSTEM(S): State Pension Funds Continuing Appropriation Act

FISCAL IMPACT: HB 2441 would have a positive impact upon the five State-funded retirement systems, as the bill would provide for the issuance of $105.6 billion in pension obligation bonds to bring the funded ratio of the systems up to 90%. The amendment to the State Pension Funds Continuing Appropriation Act would ensure that debt service payments are given an elevated priority, consistent with annual State contributions to the State retirement systems, which are also covered under the Act. In essence, the debt service obligations on the newly issued bonds would be paid regardless of any insufficiencies in annual appropriations.

SUBJECT MATTER: HB 2441 amends the State Pension Funds Continuing Appropriation Act to incorporate within the Act debt service payments made pursuant to the issuance of $105.6 billion in pension obligation bonds intended to bring the State pension funds up to a 90% funding level.

COMMENT: The underlying purpose of HB 2441 is the issuance of $105.6 billion in State Serial Long Term Pension Obligation Bonds. The bonds will be issued to make payments to the State pension systems on a pro-rated basis in an amount sufficient to bring the funded ratio of each of the state funds up to a 90% level.

HB 2441 amends the State Pension Funds Continuing Appropriation Act to stipulate that if, for any reason, appropriations made for debt service are insufficient to meet the levels required for the payment of principal and interest due on State Serial Long Term Pension Obligation Bonds under the General Obligation Bond Act, a continuing appropriation shall commence for all amounts necessary to make the requisite debt service payments.

DH:bj
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