

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **Sub. H.B. 8** DATE: **June 14, 2007**
STATUS: **As Reported by House State Government and Elections** SPONSOR: **Rep. R. Hagan**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **To provide that a member of a state retirement system, on conviction of a felony committed in the course of official duties, will forfeit the portion of any state retirement benefit that is based on employer contributions**

State Fiscal Highlights

STATE FUND	FY 2007	FY 2008	FUTURE YEARS
Retirement Systems and Alternative Pension Plans – PERS, SERS, STRS, OP&F, SHPRS			
Revenues	- 0 -	Potential minimal savings	Potential minimal savings
Expenditures	- 0 -	Potential minimal increase	Potential minimal increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2007 is July 1, 2006 – June 30, 2007.

- The bill has no direct fiscal effect on the state.
- The bill would require the state retirement systems and alternative retirement pension plans, by the order of a court, to forfeit all rights to any retirement benefits, disability benefits, or any other benefits based on employer contributions to the plan, if a member pleads guilty to or is convicted of a felony crime committed while engaged in the performance of duties related to public employment. The forfeited benefits would reduce the systems' or plans' liability, thus creating minimal savings to the retirement systems or plans.
- The bill may also increase the systems' administrative expenses slightly.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2007	FY 2008	FUTURE YEARS
City of Cincinnati Retirement System			
Revenues	Potential minimal savings	Potential minimal savings	Potential minimal savings
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase
Counties and Other Local Governments			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.



- The bill would require the retirement systems, including the City of Cincinnati Retirement System, to forfeit all rights to any retirement benefits, disability benefits, or any other benefits based on employer contributions to the plan, if a member pleads guilty to or is convicted of a felony crime committed while engaged in the performance of duties related to public employment. The forfeited benefits would reduce the systems' or plans' liability, thus creating minimal savings to the retirement systems or plans.
 - The bill may also increase the systems' and courts' administrative expenses slightly.
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Detailed Fiscal Analysis

The bill proposes that any member of the state's five retirement systems — Public Employees Retirement System (PERS), State Teachers Retirement System (STRS), School Employees Retirement System (SERS), Ohio Police and Fire Pension Fund (OP&F), and State Highway Patrol Retirement System (SHPRS), Alternative Retirement Plan (ARP) established under the Ohio Revised Code, or the City of Cincinnati Retirement System (CRS), who is in public employment and pleads guilty to or is convicted of any designated offenses committed while engaged in the performance of duties related to public employment must forfeit all rights to any retirement benefits, disability benefits, or any other benefits based on employer contributions to the plan.

The forfeiture is limited to the retirement benefit that has not vested on the date the member pleads guilty to or is convicted of any designated offenses committed while engaged in the performance of duties related to public employment. In addition, the forfeiture requirement does not affect certain payments and withholdings as specified by the bill.

The bill requires the court to determine whether the offender is a public employee and a member of any of the retirement systems or has an account in the ARP. If the offender is a public employee and a member of any of the retirement systems or an ARP account holder, then the court is required to order the retirement systems to forfeit such benefits.

However, prior to sentencing, the offender may request a hearing to determine a good cause to not issue the forfeiture order. If a hearing is requested, the bill requires the court to notify the affected retirement system or alternative plan. If the court finds a good cause to not issue the forfeiture order, the court must not issue such forfeiture order and the affected system or ARP is required to comply with the order as specified by the bill.

The provisions in the bill have no direct fiscal impact to the state, but may have a minimal impact to local governments. The bill requires the court to inform the member's retirement system or board, thus it may increase administrative costs. However, any increase should be minimal.

The bill may also have minimal fiscal impacts to the retirement systems, alternative plans, and the City of Cincinnati Retirement System. The forfeited benefits would reduce the systems' or plans' liability, thus creating minimal savings to the retirement systems or plans. In addition, the provisions in the bill may also increase the systems' and plans' administrative expenses slightly.

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