Fiscal Note & Local Impact Statement

127 th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **Sub. S.B. 3** DATE: **May 13, 2008**

STATUS: **As Enacted – Effective May 13, 2008** SPONSOR:

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

CONTENTS: **To revise retirement benefits of anyone holding a "position of honor, trust, or profit" who pleads guilty to or is convicted of a felony crime committed while holding such position and increases the Office of Inspector General appropriation**

State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
Retirement Systems and Alternative Pension Plans – PERS, SERS, STRS, OP&F, SHPRS			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential minimal increase or decrease	Potential minimal increase or decrease
Office of Inspector General – General Revenue Fund (GRF)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential increase up to $250,000	Potential increase up to remaining amount available	- 0 -

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

- The bill increases the Office of Inspector General appropriation for FY 2008 by $250,000.
- The bill authorizes the state retirement systems to forfeit all rights to any retirement benefits, disability benefits, or any other benefits other than a member's accumulated contributions, if a member pleads guilty to or is convicted of a specified felony crime committed while engaging in the performance of duties related to a "position of honor, trust, or profit" as defined by the bill. The forfeited benefits would reduce the systems' liability, thus creating a minimal decrease in the retirement systems' or plans' expenditures related to any retirement benefits.
- The bill may also increase the systems' administrative expenses slightly.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
Counties			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase
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 requires a prosecutor of a felony case who has knowledge that an individual charged is alleged to have committed the felony while holding an elective office of the state or any political subdivision to notify the individual's retirement system. This provision may increase the counties and other local governments' administrative expenses slightly.

Detailed Fiscal Analysis

The bill makes several changes to the retirement benefits of anyone holding a "position of honor, trust, or profit" as defined by the bill and pleads guilty to or is convicted of a felony crime committed while holding such position and increases the Office of Inspector General appropriation in FY 2008 by $250,000 to conduct an investigation on the management and operation of the Office of the Attorney General.

Retirement benefits

The bill proposes that anyone holding a "position of honor, trust, or profit" as defined by the bill[1] who is a member of one 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) or alternative plans and pleads guilty to or is convicted of a felony crime committed while holding such position shall forfeit to the retirement system all rights to any retirement benefits, disability benefits, or any other benefits earned by reason of being a member of the retirement system, other than the member's accumulated contributions.

The bill also requires a prosecutor of a felony case who has knowledge that an individual charged is alleged to have committed a felony while holding an elective office of the state or any political subdivision to notify the individual's retirement system. Upon receipt of the notice, the board is prohibited from making any payment of any benefit or accumulated contributions under the law governing the particular retirement system prior to the final disposition of the felony charge. Under the bill, any suspended payment cannot resume unless the charge is dismissed or the member is found not guilty or not guilty by reason of insanity. The bill also revises the spousal consent requirement related to the payment of the member's accumulated contributions.

The bill prohibits a reinstatement of the forfeited rights and privileges to certain persons convicted of certain offenses at the end of his or her entire prison term, a final release by the Adult Parole Authority, or after a completion of the period of a community control sanction or combination of community control sanctions imposed by the sentencing court.

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

[1] In the bill, a "position of honor, trust, or profit" is defined as the following: an elective office of the state or any political subdivision of the state, a position on any board or commission of the state that is appointed by the Governor or the Attorney General, a position as a public official or employee as defined in section 102.01 of the Revised Code, a position as a prosecutor as defined in section 2935.01 of the Revised Code, or a position as a peace officer as defined in section 2935.01 of the Revised Code, or as the superintendent or a trooper of the state highway patrol.

Furthermore, the bill may have minimal fiscal impacts to the retirement systems. The forfeited benefits would reduce the systems' or plans' liabilities, 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.

Office of Inspector General (IGO)

The bill increases the appropriation to the Office of Inspector General in FY 2008 by $250,000 to conduct an investigation of the management and operation of the Office of the Attorney General. The bill specifies that any unencumbered amounts allocated for the investigation are appropriated for the same purpose in FY 2009.

The bill also specifies that the Inspector General may enter into any necessary contract to complete the investigation. At the end of the investigation, the bill requires the Inspector General to prepare a final report of the results of the investigation and distribute the report as specified by the bill.

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