



# Ohio Legislative Service Commission

Ruhaiza Ridzwan

## Fiscal Note & Local Impact Statement

**Bill:** Am. Sub. S.B. 219 of the 128th G.A. **Date:** June 1, 2010

**Status:** As Reported by House Financial Institutions, Real Estate, & Securities **Sponsor:** Sen. Grendell

**Local Impact Statement Procedure Required:** No — Minimal cost

**Contents:** To terminate the disability benefit of a state retirement system member convicted of certain felonies committed while serving in a position of honor, trust, or profit

### State Fiscal Highlights

STATE FUND	FY 2011	FY 2012	FUTURE YEARS
<b>Retirement Systems and Alternative Pension Plans – PERS, SERS, STRS, OP&amp;F, SHPRS</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase or decrease	Potential minimal increase or decrease	Potential minimal increase or decrease

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- No direct fiscal effect on the state.
- The bill authorizes a court to terminate an existing disability benefit for a member who is convicted of, or pleading guilty to, a felony as specified by the bill while serving in a "position of honor, trust, or profit" if the commission of the felony caused the disability. The forfeited benefits would reduce the systems' liability, thus creating a minimal decrease in the retirement systems' or plans' expenditures to provide such benefit.
- The bill may minimally increase the systems' or plans' administrative expenses.

# Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2010	FY 2011	FUTURE YEARS
<b>Cincinnati Retirement System</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential minimal increase or decrease	Potential minimal increase or decrease
<b>Counties and Other Local Governments</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	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 provision that requires a court to hold a hearing regarding the condition for which an offender was granted a disability benefit and provide written notice of such hearing to specified entities may minimally increase the counties' and other local governments' administrative expenses.

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## Detailed Fiscal Analysis

The bill modifies the definition of "position of honor, trust, or profit" under current law for purposes of forfeiture of the right to receive future retirement benefits for a member of the Public Employees Retirement System (PERS), Ohio Police & Fire Pension Fund (OP&F), State Teachers Retirement System (STRS), Ohio School Employees Retirement System (SERS), State Highway Patrol Retirement System (SHPRS), or Cincinnati Retirement System (CRS), or of a participant in an alternative retirement plan (ARP), who is convicted of a felony offense or pleads guilty to bribery, a pattern of corrupt behavior, or theft in office. The definition is expanded to include "a position in which, in the course of public employment, an employee has control over the expenditure of public funds of one hundred thousand dollars or more annually."

The bill requires the system or plan to provide a notice, upon the request of any prosecutor assigned to a case related to an individual being charged with a felony while holding a "position of honor, trust, or profit," specifying whether that individual has been granted a disability benefit while serving in such a position. The bill also requires a court to order a retirement system or a plan provider to terminate disability benefits for an offender who served in a "position of honor, trust, or profit" if the commission of the felony caused the disability. The bill specifies that a court must hold a hearing regarding the condition for which an offender was granted a disability benefit and provide a written notice to such offender prior to such hearing. The bill specifies that the retirement system or plan provider must comply with a court order to terminate such member's or participant's disability benefit. In addition, the bill specifies that the retirement systems may recover any such disability retirement benefits that were already paid.

### **Fiscal effect**

The bill provisions regarding the disability benefit have no direct fiscal impact on the state. The bill may have a minimal fiscal impact on local governments due to the requirement that a court must hold a hearing regarding the condition for which an offender was granted a disability benefit and the related notification requirements. These requirements may increase counties' and local governments' administrative costs. However, any increase is expected to be minimal.

The bill may also have minimal fiscal impacts on the retirement systems. Any forfeited disability benefit would reduce the systems' or plans' liabilities and essentially generate minimal savings to the systems or plans. In addition, the bill may minimally increase the systems' and plans' administrative expenses.