

**LOCAL GOVERNMENT  
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 2, 2017

Agency Submitting: Local Government

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2016-17</b>	<b>Fiscal Year 2017-18</b>	<b>Fiscal Year 2018-19</b>	<b>Effect on Future Biennia</b>
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

See attached.

Name Michael Nakamoto

Title Deputy Fiscal Analyst

The following responses from local governments were compiled by the Fiscal Analysis Division. The Fiscal Analysis Division can neither verify nor comment on the figures provided by the individual local governments.

Local Government Responses  
**S.B. 297 / BDR 23 - 843**

City/County: **Carson City**

Approved by: Nancy Paulson, CFO

Comment: This bill would have an impact to Carson City, but the amount is unknown at this time.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

City/County: **Churchill County**

Approved by: Eleanor Lockwood, County Manager

Comment: Churchill County's comments on BDR 23-843 are similar to that of an earlier BDR, (18-243) affecting PERS. It is difficult to determine the actual expenses associated with this bill. In the long term, agencies will have a reduction in their PERS contributions. The bill indicates the employer contribution will be reduced to 6% and the employee contribution will be at least 6% (for the defined contribution plan). For the defined benefit plan, the bill requires employees to make up any difference between the 6% the employer pays and the actuarial costs to fully fund the program. The unknown in this bill has to do with employees who are currently enrolled in PERS. Since active employees are the ones who pay for the current retirees, there will be a shortfall in contributions if the contribution rate is reduced to 6%. It is unclear how that shortfall will be addressed. Either the public agency will have to contribute more to PERS for current and future retirees who are covered under the old system, or the additional costs will be passed on to the new employees. This would have a major impact in being able to attract and retain employees, which very well might lead to higher wages.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **Clark County**

Approved by: David Dobrzynski, Asst. Director of Finance

Comment: Bill provides for the establishment of a hybrid retirement program for new employees hired after July 1, 2018. A defined benefit plan and a defined contribution plan. Each plan has various provisions. The bill draft has a maximum public employer contribution rate equal to 12 percent of a member's compensation (6% DB, 6% DC) plus 6% until such time that the system's unfunded liability is 15% or less. The bill appears to close the existing PERS plan which will impact cost of the current plan due to declining payroll base of the existing system, it is expected, based on an actuarial estimate, that contribution rates for existing PERS members would rise between 25 to 35 percent. The hybrid retirement program has provisions that effect Regular Employees and Public Safety Employees in dramatically different ways. New provisions shift the risk/reward of investment returns toward the employee, causing striking fluctuations in employee contribution rates over time. Also, the bill further complicates employee contribution rates by requiring personalized actuarial calculations for the defined benefit side of the hybrid plan which will result in unequal retirement benefits. Due to lack of details in the bill and the multitude of assumptions and probabilities that go into analyzing the cost of this proposed Hybrid Plan, including an unknown number of current members who may elect to join the hybrid plan, a complete fiscal impact cannot be determined.

Impact	FY 2016-17	FY 2017-18	FY 2018-19	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **Esmeralda County**

Approved by: Karen Scott, Auditor/Recorder

Comment: Reducing the PERS rate to 6% would be a cost savings to the County. The second part of the bill regarding additional contributions to the PERS system besides the normal contributions could be a big expense. I cannot determine actual cost to the County as I do not know what the total unfunded liability of the PERS System is.

Impact	FY 2016-17	FY 2017-18	FY 2018-19	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **Humboldt County**

Approved by: Gina Rackley, Comptroller

Comment: Although this revision could definitely have an impact on Humboldt County, we feel that it is difficult to determine at this time as we do not know how many employees with an effective date before July 1, 2018 would elect to transfer in to this program.

Impact	FY 2016-17	FY 2017-18	FY 2018-19	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **Washoe County**

Approved by: Jamie Rodriguez , Management Analyst

Comment: This BDR proposes massive changes to the State's retirement system, going to a hybrid DB/DC retirement plan for employees hired after 7/1/18. Any analysis of such changes would require an actuarial study with information available from NVPERS that we do not have.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **City of Henderson**

Approved by: Mike Cathcart, Business Operations Manager

Comment: This legislation will have a significant fiscal impact to the City of Henderson if enacted. The calculation of this fiscal note used the assumptions provided by the Public Employees' Retirement System of contribution rates for the defined benefit plan going from 28% to 37.74% for regular members and 40.5% to 49.97% for public safety members.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$7,000,000	\$6,200,000	\$10,000,000

City/County: **City of Las Vegas**

Approved by: Michelle Thackston, Administrative Assistant

Comment: The amounts listed are estimates based on the information we have at this time. Most of the collective bargaining agreements are in effect until Jun 30th, 2019 so future salaries/wages are not known. Also, it may have an impact on the city's ability to recruit and retain new employees to work for government as the additional 6% new PERS member contribution is almost equal to the 6.2% social security tax..

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$400,000	\$14,214,000	\$33,185,000

City/County: **City of Sparks**

Approved by: Jeff Cronk, Financial Services Director

Comment: The impact on local governments will need to be determined by actuarial analysis. We would need to rely on PERS estimates that it would receive from their actuaries to determine impact to the City.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

**City/County: City of Reno**

Approved by: Tillery Williams , Management Analyst

Comment: The fiscal impact that this proposed legislation will have on the City of Reno cannot be determined at this time. This is a bill that would have a major impact on the PERS system and City costs. The bill incorporates proposed rate changes to the actuarially required contribution rates and related assumptions. Because of the proposed changes to actuarial assumptions, the City of Reno does not feel it can accurately calculate the effect of these changes. The actuarial numbers would have to be created by PERS to see the true impact.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

**School District: Carson City School District**

Approved by: Andrew J Feuling, Director of Fiscal Services

Comment: It appears that the employer contribution to employee PERS/403b would be 12% in total versus the expected 28% for FY17. We have 67 new employees in FY17 with total PERS contributions totaling \$639,703. Under the hybrid plan, the district would have saved \$365,544. Assuming 100 new employees next year at a total wage of \$4,000,000 and a 28% PERS contribution, the district would save \$640,000. Assuming the new staffing numbers were consistent year-to-year, I would expect approximately \$600,000 savings per year. However, in FY18, employees would also be expected to provide 22% of their income to PERS and an additional 6% to the 403b on top of paying some benefit costs, I am sure we would have severe hiring shortages as few would want to be employed by the district. Also, don't understand why any employee would voluntarily transfer to the hybrid system. The equivalent of 40% of their income would be going into retirement, but they would be funding 28% of it. The possible improvement in their retirement benefit upon retirement could not outweigh the fact of a serious reduction in take-home pay today. A brand new first year teacher in my district earning \$37,500 would have their pre-tax wage reduced to \$27,000. I will not be able to find highly qualified staff because there would be no incentive to go into public education in Nevada.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	(\$365,544)	(\$640,000)	(\$600,000)	(\$600,000)

**School District: Douglas County School District**

Approved by: TWhite, Superintendent

Comment: The impact of this bill is difficult to determine as we can not calculate the number of new employees.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: **Clark County School District**

Approved by: Dillon Kay, Assistant Budget Director

Comment: Altering the multiplier to 1% could impact the new hiring process. Potential new hires could be driven away and look elsewhere do to a weaker retirement plan. See BDR 23-429) / AB71.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

School District: **Lincoln County School District**

Approved by: Pam Teel, Superintendent

Comment: Unsure of impact

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: **Lyon County School District**

Approved by: Shawn Heusser, Director of Finance

Comment: No Impact

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
No Impact	\$0	\$0	\$0	\$0

School District: **Pershing County School District**

Approved by: Russell D. Fecht, Superintendent

Comment: Cannot determine potential fiscal impact at this time.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: **Nye County School District**

Approved by: Kelly Wood, Executive Secretary

Comment: Nye County School District is concerned with Section 6 of this bill. The additional contribution the employer may have to make could really financially impact the entity.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: **Washoe County School District**

Approved by: Lindsay E. Anderson, Director of Government Affairs

Comment: Washoe County School District defers to PERS to provide an analysis on the impact of this legislation on PERS participants.

<b>Impact</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

**The following cities/counties/school districts did not provide a response:** Douglas County, Elko County, Eureka County, Lander County, Lincoln County, Mineral County, Lyon County, Nye County, Pershing County, Storey County, White Pine County, Boulder City, City of Elko, City of Mesquite, City of North Las Vegas, Churchill County School District, Elko County School District, Eureka County School District, Esmeralda County School District, Lander County School District, Humboldt County School District, Mineral County School District, and Storey County School District.