

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 4687
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 17, 2021

SUMMARY

- Synopsis:** Provides service credit for PERS member for former membership in transit retirement program.
- Type of Impact:** Expenditure increase to the State and local governments
- Agencies Affected:** Division of Pensions and Benefits, Department of the Treasury

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost Increase		Indeterminate	
Local Cost Increase		Indeterminate	

- The Office of Legislative Services (OLS) concludes that this bill will result in an unfunded liability to the Public Employees’ Retirement System (PERS) payable by the State or by local government employers participating in the PERS. An estimate of the unfunded liability is not available.
- The bill requires that the additional service credit in the PERS be included to determine an employee’s eligibility for employer-paid health care benefits in retirement. This may result in additional cost for the State or a local government employer if an employee would otherwise not have been eligible for this post-retirement benefit.

BILL DESCRIPTION

Under this bill, a member of the PERS who was a member, on or before July 30, 2006, of the Transit Employees’ Retirement Program (TERP) of the New Jersey Transit Corporation would receive service credit in the PERS for all years, and parts thereof, of credited service in the TERP. The member and the member’s employer would not have to make contributions to the PERS for

those years of TERP service credited in accordance with this bill. This provision would apply even if the member is eligible for or receiving a benefit under the TERP.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill will result in an unfunded liability to the Public Employees' PERS payable by the State or by local government employers participating in the PERS. An estimate of the unfunded liability is not available. The OLS does not have information on the number of employees who would be eligible for the additional service credit, whether they are currently State or local government employees, the salary of each employee, and the current years of service in PERS for each employee.

The bill requires that the additional service credit in the PERS be included to determine an employee's eligibility for employer-paid health care benefits in retirement. This may result in additional cost for the State or a local government employer if an employee would otherwise not have been eligible for this post-retirement benefit.

Section: *State Government*

Analyst: *Aggie Szilagyi*
 Section Chief

Approved: *Thomas Koenig*
 Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).