



**OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note**

Fiscal Note On: **HB 18** HLS 21RS 300
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 4, 2021 3:31 PM	Author: RISER
Dept./Agy.: Franklin Parish Sheriff's Office	Analyst: Steven Kraemer
Subject: Franklin Parish Retired Employees Insurance Fund	

RETIREMENT/SHERIFFS FUND EN INCREASE LF RV See Note Page 1 of 1
 Creates an Employee Insurance Fund for the Franklin Parish Sheriff's Office

Purpose of Bill: This bill creates the Franklin Parish Retired Employees Insurance Fund (FREIF) to pay insurance premiums for eligible retired sheriffs and deputy sheriffs and to pay for legal representation of the FREIF board. The FREIF will be financed by the Franklin Parish Sheriff at his/her discretion and money earned on investments. This bill also creates a 3 member investment advisory board to provide investment recommendations on the investment of funds in the FREIF.

EXPENDITURES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$9,528</u>	<u>\$10,087</u>	<u>\$10,678</u>	<u>\$11,305</u>	<u>\$11,968</u>	<u>\$53,566</u>
Annual Total	\$9,528	\$10,087	\$10,678	\$11,305	\$11,968	\$53,566

REVENUES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$80,458</u>	<u>\$85,618</u>	<u>\$91,005</u>	<u>\$96,750</u>	<u>\$102,834</u>	<u>\$456,665</u>
Annual Total	\$80,458	\$85,618	\$91,005	\$96,750	\$102,834	\$456,665

EXPENDITURE EXPLANATION

This measure may increase annual local governmental expenditures for the Franklin Parish Sheriff's Office by \$9,528 starting in 2022, increasing to \$11,968 by 2026.

An official with the Franklin Parish Sheriff's Office indicated that the Sheriff's annual expenditures will increase by \$9,528 starting in 2022 and will increase to \$11,968 by 2026. These expenditures will be for financial and legal advisors (about 0.6% of FREIF fund balance per year). Costs for retiree insurance are not expected to change due to this bill because the Sheriff currently pays for retiree insurance. In addition, audit costs are not expected to change nor will board members be compensated for their service.

REVENUE EXPLANATION

This measure may increase annual local governmental revenue for the Franklin Parish Sheriff's Office by \$80,458 starting in 2022, increasing to \$102,834 by 2026.

An official with the Franklin Parish Sheriff's Office indicated that the Sheriff's Office plans to deposit \$1,500,000 into the FREIF initially in 2022 to pay retiree insurance. No additional contributions are expected to be made for fiscal years 2023 through 2026, but a review of annual operating budgets may lead to increased deposits. This money, which otherwise would have earned approximately 0.5% in interest annually in a bank account, will be invested and is expected to grow at 5.7% annually (an increase of 5.2% in the annual rate of return). This increase in the rate of return is expected to generate an additional \$80,458 annually in investment revenue starting in 2022, increasing to \$102,834 annually by 2026.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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