

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6556**  
**BILL NUMBER: SB 185**

**NOTE PREPARED: Jan 31, 2023**  
**BILL AMENDED: Jan 26, 2023**

**SUBJECT:** 1977 Fund Membership.

**FIRST AUTHOR:** Sen. Baldwin  
**FIRST SPONSOR:** Rep. Torr

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill allows an airport authority to participate in the 1977 Police Officers' and Firefighters' Pension and Disability Fund ('77 Fund). It also increases the maximum age for a firefighter to be appointed to a fire department and become a member of the '77 Fund from 35 years of age to 39 years of age. It makes corresponding changes.

**Effective Date:** July 1, 2023.

**Explanation of State Expenditures:** The Indiana Public Retirement System (INPRS) administers the '77 Fund and would have to make administrative changes to allow an airport authority to participate in the fund and transfer individuals from PERF to the '77 Fund. The administrative costs would be paid from the fund.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Airport Authorities:* Airport authorities who have firefighters or police officers participate in the '77 Fund under the bill will have increased expenditures for employee pensions. Local employers pay an employer contribution rate for employee pensions as a percentage of employee salary. The employer contribution rate for the '77 Fund is 18% of salary for calendar year 2023.

If affected employees are able to receive service credits for prior service as a police officer or firefighter, airport authorities would have additional expenditures to contribute funds necessary to cover the police officer's or firefighter's prior service liability. The police officer or firefighter would also be required to contribute an employee contribution amount equal to the amount that they would have contributed had they been members of the '77 Fund during their prior service.

*Fire Fighter Hiring Age:* It is unknown how many new fire fighters would be hired between the ages of 36 and 39. Changing the membership demographics of the '77 Fund could reduce retirement costs if members have fewer accumulated years of service at retirement, however, an older population could also see increased costs from increased disability benefits. The impact to the funded status of the '77 Fund is likely minor and will depend on future hiring decisions and plan experience. Any impact to the '77 Fund is likely not large enough to require an increase in the employer contribution rate.

**Explanation of Local Revenues:** If the bill results in increased membership in the '77 Fund, the '77 Fund would receive increased revenues in the form of additional employer and employee contributions. [This would be coupled with an increase in liabilities to pay future pension benefits for the members of the '77 Fund.]

**State Agencies Affected:** Indiana Public Retirement System.

**Local Agencies Affected:** Airport authorities, fire departments.

**Information Sources:** INPRS. 2022-2023 Employer Contribution Rate Information.  
<https://www.in.gov/inprs/employers/employer-communication/er-contribution-rate-info/>

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