LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 4189

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JANUARY 10, 2022

SUMMARY

Synopsis: Permits PERS retiree to return to elective public office after retirement under certain circumstances.

Type of Impact: Potential expenditure decrease for local government funds.

Agencies Affected: Counties and municipalities.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
Local Savings		Indeterminate	

- The Office of Legislative Services (OLS) estimates that this bill will result in a reduction in certain costs for the public entity from which the member retires from employment and holding elective public office, when a member retires because of the ability to return to elective public office after retirement as provided by this bill. Additional savings will result from not having to pay for pension contributions and other fringe benefit costs, and perhaps health care benefit costs.

- Annual savings cannot be determined because the number of elected public officials who are eligible to retire and who will choose to retire because of this bill, and the type of office or employment held by each, is not known. The OLS does believe that the number is limited and the impact on any one public entity will be limited.

- This bill will apply only to a limited number of elected office holders who were enrolled in the Public Employees' Retirement System (PERS) prior to 2007 and have continuously, since then, held the same elective public office. Office holders elected since 2007 are not permitted to enroll in the PERS, and are eligible to participate only in the Defined Contribution Retirement Program (DCRP).

BILL DESCRIPTION

Under the bill, a former member of the Public Employees' Retirement System who has been granted a retirement allowance prior to, or on or after, the effective date of this bill, for any cause other than disability, may return to an elective public office position with the former employer, either by appointment to fill a vacancy or by election, without cancellation of the retirement and reenrollment in the system if: (1) the return commences after the retirement allowance becomes due and payable; (2) the former member had attained the service retirement age, applicable to that member, as of the date of retirement; and (3) the compensation for the elective public office held is less than $12,000 per year.

This bill will be effective if the qualified status of the retirement system under federal law can be maintained upon its application, and such modifications to the system as may be available will be made to allow for its application.

As used in this bill, "former employer" means the public entity from which the former member retired from service performed immediately prior to retirement.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will result in a reduction in certain costs for the public entity from which the member of PERS retires from employment and holding elective public office, when a member retires because of the ability to return to elective public office after retirement as provided by this bill. Additional savings will result from not having to pay for pension contributions and other fringe benefit costs, and perhaps health care benefit costs.

Annual savings cannot be determined because the number of elected public officials who are eligible to retire and who will choose to retire because of this bill, and the type of office or employment held by each, is not known. The OLS does believe that the number is limited and the impact on any one public entity will be limited.

This bill will apply only to a limited number of elected office holders who were enrolled in the PERS prior to 2007 and have continuously, since then, held the same elective public office. Office holders elected since 2007 are not permitted to enroll in the PERS, and are eligible to participate only in the DCRP.

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.).