



GOVERNOR OF MISSOURI

JEFFERSON CITY
65102

JEREMIAH W. (JAY) NIXON
GOVERNOR

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July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 675 entitled:

AN ACT

To amend chapter 70, RSMo, by adding thereto one new section relating to the Missouri local government employees' retirement system.

I disapprove of Senate Committee Substitute for Senate Bill No. 675. My reasons for disapproval are as follows:

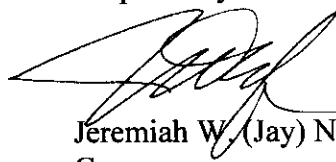
Senate Committee Substitute for Senate Bill No. 675 would allow a political subdivision to request that the Local Government Employees' Retirement System (LAGERS) assume all duties and responsibilities related to the operation of the political subdivision's prior, closed retirement plan. While there may be benefits for a political subdivision to have this option, it should not be provided without regard to the rights of plan participants and to local laws governing the administration of police and firefighter retirement plans. Because this is precisely what Senate Committee Substitute for Senate Bill No. 675 would do, it does not receive my approval.

Proponents of this legislation have stressed that the bill merely provides the option to transfer the administration of a prior, closed police or firefighter retirement plan to LAGERS. However, the bill would place the authority to exercise this option solely in the hands of the political subdivision employer, even if the transfer was opposed by the plan trustees, who, unlike the political subdivision employer, have a fiduciary obligation to plan participants. Moreover, Senate Committee Substitute for Senate Bill No. 675 would authorize the political subdivision to transfer plan administration to LAGERS even if the political subdivision's own charter or ordinances would prohibit it, by authorizing the transfer "[n]otwithstanding any language to the contrary in any other statute, city ordinance or city charter. . ." Thus, in a charter city with a charter provision requiring a vote of the plan membership in order for there to be a change to the retirement plan for police officers and firefighters, this bill would nonetheless allow the political subdivision to transfer the retirement plan to LAGERS without the vote called for by the city charter.

Senate Committee Substitute for Senate Bill No. 675 would also enable political subdivisions to ignore the wishes of local voters. Voters in a number of Missouri communities have approved dedicated sales taxes to fund public safety, including police and fire retirement plan obligations. Local voters did so with the understanding that such plan obligations would be managed by local trustees. By enabling a political subdivision to nonetheless transfer plan administration away from local trustees, Senate Committee Substitute for Senate Bill No. 675 would undermine the will of local voters and should not become the law of the state.

In accordance with the above stated reasons for disapproval, I am returning Senate Committee Substitute for Senate Bill No. 675 without my approval.

Respectfully submitted,



Jeremiah W. (Jay) Nixon
Governor