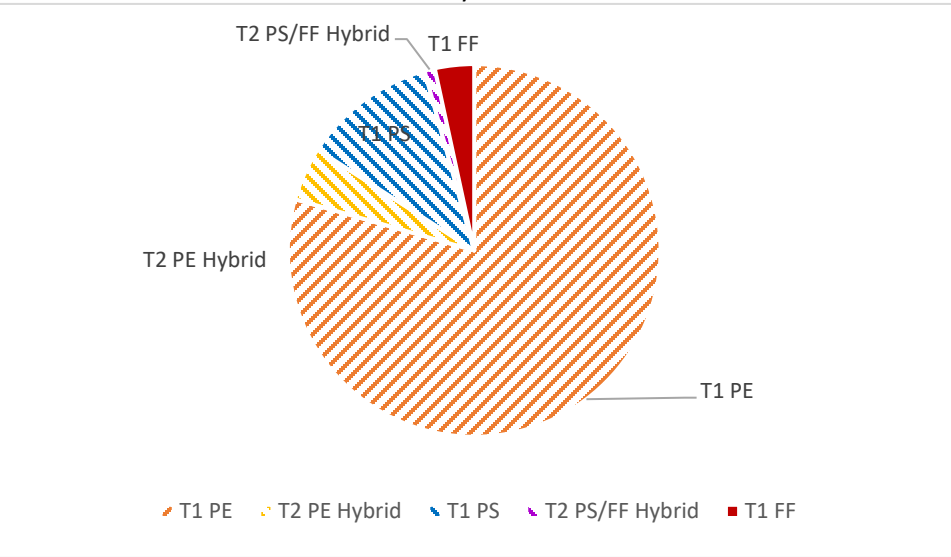


URS Fiscal Analysis of 2026 1st Sub. S.B. 151, “Public Safety Funding Amendments”

This document has been prepared by the Utah Retirement Systems (URS).

Summary of Fiscal Impact

If enacted, 2026 1st Sub. S.B. 151, “Public Safety Funding Amendments,” will result in a decrease in ongoing funding of approximately \$7 Million that has been contributed to the URS Tier 1 Firefighters’ Retirement System through the State’s Insurance Premium tax in recent years.

Affected Systems/ Employee Groups Those Systems’ Actuarial Accrued Liability	Fiscal Impact: Increase in unfunded actuarial liability (UAAL)	Fiscal Impact: Reduces Insurance Premium Tax subsidies to the Tier 1 Firefighters’ Fund.	Fiscal Impact: Annual cost for Fiscal Year 2026-2027
All Systems  ■ T1 PE ■ T2 PE Hybrid ■ T1 PS ■ T2 PS/FF Hybrid ■ T1 FF All Systems - Actuarial Accrued Liability: \$50.8 Billion Tier 1 Firefighter System: \$1.7 Billion	No increase in UAAL. No change to funded ratio.	No increase in contribution rates. Due to the high funded ratios of the Tier 1 Firefighters’ Retirement System, only part of the Insurance Premium Tax proceeds are needed to continue subsidizing the System.	\$5 Million will continue to subsidize the funding of the Tier 1 Firefighters’ Retirement System from the Insurance Premium Tax proceeds.

Proposed Legislative Provisions

This bill reduces the amount of Insurance Premium Tax proceeds revenue allocated to URS for subsidizing the Tier 1 Firefighters' Retirement System to \$5 million ongoing beginning on July 1, 2026. It also updates the provisions governing how URS may use Insurance Premium Tax revenue and requires URS to notify the Executive Appropriations Committee if additional reductions to this revenue source are anticipated.

Discussion and Actuarial Analysis: Employer and Member Impacts

Given the current high funded ratio of the Tier 1 Firefighters' Retirement System, the System is expected to remain well funded even with reduced contribution levels and not require contribution rate increases. Historically, the Insurance Premium Tax has generated an average of \$11.3 million annually, while only \$5 million is currently required to maintain—and continue improving—the System's funded ratio.

The Tier 1 Firefighter System is divided into two groups: Division A, which includes agencies participating in Social Security, and Division B, which consists of Social Security–exempt agencies. The Division A fund is smaller and less mature than the Division B fund. To reach the 110% funding target for Division A, the current gross contribution rate—including Insurance Premium Tax receipts—must be sustained for the foreseeable future, creating the need for the subsidy of \$5 million.

If appropriations or tax revenues decline, employer contribution rates for Division A may need to increase to maintain required funding levels. In contrast, the Division B fund is more mature and better funded (over 110% funding level). As a result, URS expects ongoing opportunities to reduce contribution rates for Division B in future years, allowing for reductions in appropriations and tax receipts.

Administrative Cost Analysis

Implementation of the bill is not expected to affect administrative costs, but if any such costs are incurred, they will be handled within existing budgets and will not result in direct, measurable costs for URS.