

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**  
**Revision 1**

**April 17, 2003**

**TO:** Honorable Allan Ritter, Chair, House Committee on Pensions & Investments

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB2358** by Deshotel (Relating to the establishment of credit in the Employees Retirement System of Texas for military service.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2358, As Introduced: a negative impact of (\$1,007,982) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$503,991)
2005	(\$503,991)
2006	(\$503,991)
2007	(\$503,991)
2008	(\$503,991)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Savings/ (Cost) from <i>GR DEDICATED ACCOUNTS</i> 994	Probable Savings/ (Cost) from <i>OTHER SPECIAL STATE FUNDS</i> 998	Probable Savings/ (Cost) from <i>FEDERAL FUNDS</i> 555
2004	(\$503,991)	(\$52,884)	(\$5,620)	(\$180,684)
2005	(\$503,991)	(\$52,884)	(\$5,620)	(\$180,684)
2006	(\$503,991)	(\$52,884)	(\$5,620)	(\$180,684)
2007	(\$503,991)	(\$52,884)	(\$5,620)	(\$180,684)
2008	(\$503,991)	(\$52,884)	(\$5,620)	(\$180,684)

Fiscal Year	Probable Savings/ (Cost) from <i>STATE HIGHWAY FUND</i> 6
2004	(\$137,925)
2005	(\$137,925)
2006	(\$137,925)
2007	(\$137,925)
2008	(\$137,925)

## **Fiscal Analysis**

This bill would allow members of the retirement system to purchase military service for service in the Texas National Guard or the reserves of the U.S. Armed Forces at a rate of one month for each three months served. Currently, members can purchase military service for active federal duty as a member of the Armed Services of the United States. Because the state is required to provide the 6 percent retirement contribution for any service purchased by members of the retirement system, this bill could cause an increase in state contribution costs.

## **Methodology**

During the past two years, the state retirement contribution for the purchase of active military service has averaged \$1,762,108. Assuming that purchases of Texas National Guard and reserve service cost 50 percent of the amount for active military service, the estimated biennial cost of the increased state contribution from All Funds would be \$1,762,210, and the estimated cost to the General Revenue Fund would be \$1,007,983.

## **Technology**

None.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 327 Employees Retirement System, 406 Texas Military Facilities Commission

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