

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 6, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3026 by Martinez Fischer (Relating to contributions to, and benefits payable by, the Judicial Retirement System of Texas Plan One and the Judicial Retirement System of Texas Plan Two.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3026, As Introduced: a negative impact of (\$785,040) 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	(\$100,000)
2005	(\$685,040)
2006	(\$934,520)
2007	(\$1,077,200)
2008	(\$1,230,250)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2004	(\$100,000)
2005	(\$685,040)
2006	(\$934,520)
2007	(\$1,077,200)
2008	(\$1,230,250)

Fiscal Analysis

This bill would allow members of the Judicial Retirement System Plan Two (JRS II) and the Judicial Retirement System Plan One (JRS I) to make contributions after twenty (20) years of service. These contributions would be 6 percent of salary for both JRS I and JRS II members. The retirement benefits for those members opting to make contributions after twenty years of service would increase by 2 percent of the applicable salary for each year that the member contributes above twenty years of service, up to a maximum of 80 percent of the applicable salary.

Methodology

This bill would require an increase in the state contribution rate for JRS II from 16.83 to 17.77 percent

in fiscal year 2005, in order for the plan to remain actuarially sound. The additional cost to the General Revenue Fund associated with the contribution rate increase is \$485,040 in fiscal year 2005; \$634,420 in fiscal year 2006; \$777,200 in fiscal year 2007; and \$830,250 in fiscal year 2008.

Likewise, the bill would require an increase in appropriations for the JRS I plan, which operates on a pay-as-you-go basis. Additional appropriations out of the General Revenue Fund for JRS I benefit payments are estimated to be \$100,000, \$200,000, \$300,000, \$300,000 and \$400,000 in fiscal years 2004 through 2008, respectively.

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

LBB Staff: JK, JO, RR, MS, ZS