

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 2, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB297 by Janek (Relating to a firefighters' relief and retirement fund in certain municipalities.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

Local Government Impact

The bill would increase the member contribution rate for the Houston Firefighters' Relief and Retirement Fund from 7.7 percent to 9 percent in 2004, and therefore the statutory rate required to be paid by the city would rise from 15.4 to 18 percent. This increase in the city statutory contribution rate is less than the amount the actuarial analysis of the bill suggests will be actuarially required, even without realizing deferred asset losses. As those losses are realized, if other experience is as expected, the city contribution rate is expected to increase to 34 percent in 2007.

The provision allowing a 30-year rolling amortization of unfunded liabilities will almost certainly reduce required contributions in the short term, though any differences will have to be paid back, with interest, over the long term. Except for this, and the provision increasing the member contribution (which lowers future city contributions), the bill is not anticipated to have a significant fiscal impact on the city of Houston.

Source Agencies: 325 Fire Fighters' Pension Commissioner

LBB Staff: JK, RR, DLBa, WM