

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

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

**April 2, 2003**

**TO:** Honorable Bill Ratliff, Chair, Senate Committee on State Affairs

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

**IN RE: SB993** by Armbrister (Relating to participation and credit in, contributions to, and benefits and administration of the Texas Municipal Retirement System.), **As Introduced**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

The bill would increase the death benefit for participating municipalities in Texas Municipal Retirement System (TMRS) from \$5,000 to \$7,500. Contribution rates are not expected to increase for this provision.

The bill would allow TMRS to invest in a much greater variety of corporate stocks; the system is currently limited to investing in stocks which have paid dividends for the prior 10 years. Standard investment theory would suggest that the long-term rate of return should increase with a greater universe of investments available to the fund, though volatility will also increase. To the extent that investment returns increase, participating municipalities would see positive fiscal impacts from lowered contribution requirements.

**Source Agencies:**

**LBB Staff:** JK, RR, WM