

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 13, 2005

TO: Honorable Craig Eiland, Chair, House Committee on Pensions & Investments

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2368 by McReynolds (Relating to the establishment of service credit within the Employees Retirement System of Texas for service as a federal peace officer.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would allow the purchase of federal peace officer service for members of the Employees Retirement System (ERS), similar to the purchase of military service credit now. Since the cost would be less than the value, there will be net actuarial losses to the system, estimated by the ERS actuary to be approximately \$200,000 per year. However, Government Code 811.006 states that if the amortization period of the system is over 30 years, a proposal to make a type of service creditable in ERS may not be adopted if it would increase the amortization period. The ERS actuary estimates that unless the state contribution is raised to 7.044 percent in 2006 and 7.071 percent in 2007, passage of this bill would violate that provision.

The bill would take effect September 1, 2005.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

LBB Staff: JOB, SR, WP, WM