

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 6, 2005

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

IN RE: SB1409 by Armbrister (Relating to resumption of employment within the Texas Municipal Retirement System by a person who has filed an application for retirement.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would make changes in the Statutes governing the Texas Municipal Retirement System, which would allow employees to retire and return to work for the same employer after a month had passed, without reducing any benefit payment.

Local Government Impact

No significant fiscal impact to units of local government is anticipated. According to the Texas Municipal Retirement System (TMRS), the bill would have no actuarial or fiscal impact on the system, nor would it change current funding by TMRS cities. Yet allowing active employees to retire and return to work after a month will likely create actuarial losses for the municipalities in the system from anti-selection, even given the individual account nature of the system. In the long run, this is likely to add to the costs of member cities.

Source Agencies:

LBB Staff: JOB, DLBa, SR, WP, WM