

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 29, 2007

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions & Investments

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

IN RE: HB1244 by Kuempel (Relating to contributions to, benefits from, and the administration of the Texas Municipal Retirement System.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend the Government Code to make changes in contributions to, benefits from, and the administration of the Texas Municipal Retirement System. Changes would include authorizing the retirement system to make distributions to pay the qualified health insurance premiums of a public safety officer in accordance with certain provisions in the Pension Protection Act of 2006. That change in statute would take effect January 1, 2008.

The board of trustees would be authorized by rule to limit the increase in a member's average updated service compensation from year to year. In addition, the board of trustees, after consulting with the actuary, would be authorized by rule to authorize a participating municipality to make lump-sum or periodic employer contributions to the retirement system to be deposited in the municipality's account in the municipality accumulation fund. These proposed changes in statute would take effect January 1, 2008.

Local Government Impact

According to the Texas Municipal Retirement System (TMRS), the funding requirements and cost impact are the responsibility of the member cities of TMRS, and therefore the proposed changes in statute are not expected to have a fiscal impact on TMRS as a system.

Regarding additional employer contributions, it is assumed a member city would fully understand the cost of additional contributions before choosing to make an increase. TMRS indicates that other aspects of the bill would have minimal or no fiscal impact on member cities.

Source Agencies:

LBB Staff: JOB, DB, KJG