

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 25, 2007

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

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

IN RE: HB1543 by Latham (Relating to benefits from the Employees Retirement System of Texas for law enforcement officers commissioned by the attorney general.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1543, As Introduced: a negative impact of (\$208,186) through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$102,052)
2009	(\$106,134)
2010	(\$110,379)
2011	(\$114,795)
2012	(\$119,386)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GR DEDICATED</i> <i>ACCOUNTS</i> 994	Probable (Cost) from <i>FEDERAL FUNDS</i> 555	Probable (Cost) from <i>STATE HIGHWAY</i> <i>FUND</i> 6
2008	(\$102,052)	(\$1,238)	(\$338)	(\$8,889)
2009	(\$106,134)	(\$1,287)	(\$351)	(\$9,244)
2010	(\$110,379)	(\$1,339)	(\$365)	(\$9,614)
2011	(\$114,795)	(\$1,392)	(\$380)	(\$9,999)
2012	(\$119,386)	(\$1,448)	(\$395)	(\$10,399)

Fiscal Analysis

The bill would provide for benefit provisions under the Law Enforcement and Custodial Officers Supplemental (LECOS) Retirement plan to include law enforcement officers commissioned by the attorney general. The bill would take effect September 1, 2007.

According to the Employees Retirement System, it is assumed that the changes in the bill would not apply to members who retired prior to September 1, 2007, or who are no longer actively employed as of September 1, 2007.

Methodology

The costs included in the tables above assume an increase in the number of employees covered by LECOS by 130 and increases in the projected fiscal year 2008 valuation payroll of LECOS for these employees by \$7 million. The bill would increase the Law Enforcement and Custodial Officers Supplemental Retirement (LECOS) unfunded actuarial accrued liabilities by \$1.2 million.

Assuming the state would fund the contribution rate required to achieve the 31-year funding period, the cost is estimated at \$19.4 million in General Revenue in fiscal year 2008 and \$20.2 million in General Revenue in fiscal year 2009. Enactment of this bill without sufficient funding to achieve the 31-year funding period would violate statutory funding requirements.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

LBB Staff: JOB, KJG, JW