

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 7, 2009

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

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

IN RE: HB3963 by Bolton (Relating to health benefits coverage provided to persons who retire early from employment by certain counties or municipalities.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code to authorize, as an alternative to providing health benefits coverage under a group health insurance plan or group health coverage plan offered to active employees, a county or municipality to provide coverage for early retirees under separate benefits plans. The proposed changes would apply to a person who retires from county or municipal employment regardless of the date on which the person retires. The bill would take effect September 1, 2009.

Local Government Impact

According to the Texas Municipal League, costs of the insurance coverage for early retirees would be borne by the retirees; therefore, there would be no fiscal impact to municipalities.

However, the Texas Association of Counties estimates that if the applicability regardless of the date of retirement would allow anyone who has worked and retired early from county employment to participate, then this would significantly increase the pool of eligible applicants for coverage and could result in a financial hardship for counties.

Source Agencies:

LBB Staff: JOB, JRO, DB