

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 28, 2011

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

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

IN RE: HB1820 by Anderson, Rodney (Relating to the number of hours certain employees must work to be eligible to participate in the Texas Municipal Retirement System.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Section 851.001(8) of the Government Code relating to the number of hours certain employees are required to work to be eligible to participate in the Texas Municipal Retirement System (TMRS). The bill would establish a minimum threshold of 1,500 hours per year of employment for an appointed employee to be eligible to participate in TMRS. The current threshold is 1,000 hours. The bill also would affect the eligibility of all current and future employees who participate in TMRS.

Since TMRS does not receive state appropriated funds, no impact on state funds is anticipated.

Local Government Impact

TMRS requires participating municipalities to provide all information necessary to maintain individual accounts for their eligible employees in the system. The impact on TMRS would primarily be to notify member municipalities of the new member participation threshold of 1,500 hours. The municipalities would have to provide TMRS with information regarding which current employees meet or do not meet the 1,500 hour threshold, and also provide ongoing notifications to TMRS to identify members whose status changes if they no longer meet the hourly eligibility requirement. The municipalities would also have to notify each member of their status as a contributing or non-contributing member and any changes in status over time. There may be other additional costs due to issues regarding the determination of "partial terminations" and "in-service distributions." The costs are not anticipated to be significant based on fiscal impact criteria.

Source Agencies:

LBB Staff: JOB, AG, TP, DH