

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 1, 2011**

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

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

**IN RE: SB350** by Williams (Relating to the restructuring of fund obligations and accounts of the Texas Municipal Retirement System and related actuarial and accounting procedures.), **As Engrossed**

**No fiscal implication to the State is anticipated.**

The bill would amend the Government Code relating to the restructuring of fund obligations and accounts of the Texas Municipal Retirement System (TMRS) and related actuarial and accounting procedures. The bill would authorize TMRS to combine three internal fund accounts into a single fund account called the "Benefit Accumulation Fund."

The bill would repeal Section 855.309; Section 855.318; and Sections 855.501(c) and (d) of the Government Code.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to each house. If the bill does not receive the votes required to pass, the bill would take effect September 1, 2011.

**Local Government Impact**

According to TMRS, there would be some one-time costs for creating new account numbers within the existing accounting system, updating informational materials and TMRS' website, and an additional mailing to participating municipalities to respond to inquiries or provide information; however, the costs are not anticipated to be significant and could be performed by existing staff and within the current budget.

TMRS also reported there would be a cost savings for most participating cities as a result of the restructuring as it would provide an immediate reduction in the contribution rates, including the volatility of those rates; improve funding ratios without affecting member, retiree or beneficiary benefits; and substantially decrease unfunded accrued actuarial liabilities. The reduction in contribution rates and change in funding ratios would vary among municipalities.

**Source Agencies:**

**LBB Staff:** JOB, AG, KJG, TP