

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 3, 2013

TO: Honorable Bill Callegari, Chair, House Committee on Pensions

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB626** by Harper-Brown (Relating to the number of hours certain employees must work to be eligible to participate in the Texas Municipal Retirement System.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

The bill would allow municipalities participating in the Texas Municipal Retirement System (TMRS) to pass an ordinance increasing eligibility requirements for their employees. Such an ordinance could raise the minimum hours worked per year from 1,000 up to 1,500, and would apply to employees hired after the ordinance passed. Police and firefighters would be exempted from such an ordinance and would continue to be eligible for TMRS after working 1,000 hours per year.

Municipalities who passed an ordinance would no longer make contributions for these employees which would produce savings. If they had proportionally larger numbers of part-time employees, they would not have an increase in their unfunded liabilities, but could have to raise their contribution rate to TMRS to pay off these liabilities since the payroll it would apply to would shrink. Reduced contribution amounts are not estimated to be significant compared to overall payroll.

TMRS estimates that they would have additional costs for reprinting certain brochures and marketing materials. These costs are not estimated to be significant for TMRS.

Source Agencies:

LBB Staff: UP, RB, SD, WM