

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 20, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1804 by Callegari (Relating to the authority of political subdivisions to offer certain deferred compensation plans to employees.), **Committee Report 1st House, Substituted**

<p>No fiscal implication to the State is anticipated.</p>
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The bill would amend Chapter 609 of the Government Code to authorize a political subdivision to establish a Roth IRA program for its employees; and develop procedures to allow retirement plan vendors to lend money to a participating employee. A deferred compensation plan must provide that deferred amounts and investment income are not includable in the gross income of a participating employee until distributed to the employee, subject to the employee's option to designate or convert all or a portion to Roth contributions as defined in the provisions.

Local Government Impact

The Texas County and District Retirement System reported no fiscal impact is anticipated.

The Texas Municipal Retirement System (TMRS) reported that TMRS currently administers a 457(b) plan for its own employees, but does not offer or administer 457 plans for any municipalities participating in TMRS; therefore, the bill would have no fiscal impact.

The Texas Municipal League reported no significant fiscal impact to cities is anticipated.

Harris County reported to the Texas Association of Counties that no fiscal impact to the county is anticipated. The bill would authorize a county to amend a deferred compensation program to include contributions to a Roth and would allow loan provisions to employees.

Source Agencies:

LBB Staff: UP, RB, TP