

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 15, 2021

TO: Honorable Rafael Anchia, Chair, House Committee on Pensions, Investments & Financial Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB805 by Huberty (Relating to certain increases in benefits under the firefighters' relief and retirement fund in certain municipalities.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend the Revised Statutes to modify certain retirement benefits paid to members of the Houston Firefighters' Relief and Retirement Fund (HFRRF) who retired prior to July 1, 2017. The bill would change the eligibility age to receive a cost-of-living-adjustment for members who terminated active service for any reason other than death prior to July 1, 2017, and are or would have been at least 48 years old as of June 30, 2021.

Local Government Impact

The current plan grants a cost-of-living-adjustment for members who are 55 years of age or older on June 30, 2021.

The actuarial analysis states that there are 17 non-disabled retired members who would benefit from the bill since they would be at least 48 years of age but younger than 55 years of age as of June 30, 2021. This would increase the unfunded actuarial accrued liability by approximately \$693,000 and increase the required employer contribution by 0.02 percent of payroll. Under the current Pension Review Board (PRB) Pension Funding Guidelines, funding should be sufficient to cover the normal cost and to amortize the unfunded actuarial accrued liability over as brief a period as possible, but not to exceed 30 years, with 10-25 years being the preferable target range. The PRB actuarial review states that HFRRF is currently actuarially sound. Under the provisions of this bill, HFRRF would remain actuarially sound.

Source Agencies: 338 Pension Review Board

LBB Staff: JMc, AAL, CMA, DPE, JPO, WP, SD, GP