

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 23, 2023

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HJR2 by Bonnen (Proposing a constitutional amendment limiting the authority of the legislature to provide cost-of-living adjustments or other benefit enhancements to certain annuitants of the Teacher Retirement System of Texas and providing a one-time transfer of funds to the retirement system to provide a cost-of-living adjustment.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$204,406.

This resolution would propose an amendment to add Section 67-a, Article XVI, of the Texas Constitution that would authorize the Legislature to provide benefit enhancements to eligible annuitants of the Teacher Retirement System (TRS).

According to the Pension Review Board, TRS is considered actuarially sound, with an amortization period of 27 years as of August 31, 2023. Government Code, Section 821.006 defines actuarial soundness, for the purposes of making modifications to benefit and contribution levels, as less than 31 years. The benefit enhancement would take place only if the fund is considered actuarially sound.

The fiscal impact of the cost of living adjustment allowed under the joint resolution is shown in the fiscal note for CSSB 10, as passed the 2nd house. An appropriation for this purpose made by the Eighty-eighth Legislature, Regular Session, would be treated as if it were an appropriation of revenues dedicated by the constitution. The section of the constitution established by the joint resolution would expire September 1, 2025.

The proposed amendment would be submitted to voters at an election to be held November 7, 2023.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 323 Teacher Retirement System

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