

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 19, 2025

TO: Honorable Dustin Burrows, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2802 by Bucy (Relating to the administration of, contributions to, and benefits under retirement systems for firefighters in certain municipalities.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend Vernon's Texas Civil Statutes as they relate to the administration of, contributions to, and benefits under the Austin Firefighters Retirement Fund. No significant impact to the state is anticipated from implementing the provisions of the bill.

Local Government Impact

According to the Austin Firefighters Retirement Fund (AFRF), the bill would have a positive actuarial impact on the fund by establishing a closed, 30-year amortization schedule for the unfunded actuarial accrued liabilities of the fund reported as of December 31, 2024. According to AFRF, the bill would make several other major changes that would improve the actuarial health of the fund including the following:

- Implement an Actuarially Determined Employer Contribution (ADEC) funding model for the City of Austin's contributions phased in over a three-year period;
- Reduce benefits for firefighters hired on or after January 1, 2026;
- Implement stronger financial guardrails for any future cost-of-living adjustments; and
- Add two additional seats to the AFRF board.

Source Agencies: 338 Pension Review Board

LBB Staff: JMc, SD, KK, JPO, FV