

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 30, 2025

TO: Honorable Stan Lambert, Chair, House Committee on Pensions, Investments & Financial Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4534 by Metcalf (relating to certain death benefits for peace officers under public retirement systems.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4534, Committee Report 1st House, Substituted: a negative impact of (\$1,461,000) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$730,500)
2027	(\$730,500)
2028	(\$730,500)
2029	(\$730,500)
2030	(\$730,500)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from GR Dedicated Accounts 994</i>	<i>Probable (Cost) from Federal Funds 555</i>
2026	(\$730,500)	(\$15,000)	(\$4,500)
2027	(\$730,500)	(\$15,000)	(\$4,500)
2028	(\$730,500)	(\$15,000)	(\$4,500)
2029	(\$730,500)	(\$15,000)	(\$4,500)
2030	(\$730,500)	(\$15,000)	(\$4,500)

Fiscal Analysis

The bill would amend the Government Code so that the governing body of a public retirement system may provide a lump sum death benefit of \$1,000,000 to eligible survivors of peace officers who were active members of the system and who died in the performance of their duties as a peace officer.

Under the provisions of the bill, the governing body of the public retirement system must ensure that the payment of the death benefit would not threaten the actuarial soundness of the system.

Methodology

According to the Employees Retirement System (ERS), the benefit enhancement provided by the bill would require \$750,000 annually in All Funds (\$745,500 in General Revenue and General Revenue Dedicated Funds) to avoid creating new unfunded actuarial liabilities in the Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOS).

According to the Teacher Retirement System (TRS), the fiscal impact of the bill on TRS and the TRS Pension Trust Fund cannot be determined.

Local Government Impact

According to the Texas County and District Retirement System (TCDRS), there will be no significant fiscal impact to TCERS as a result of the provisions of the bill. TCERS cannot estimate how many employers in the TCERS system would chose to provide the death benefit set forth in the bill and cannot estimate the cost to those employers because the cost would vary based on many factors that are employer-specific.

According to the Texas Municipal Retirement System (TMRS), the bill would have no significant fiscal impact on this system. According to TMRS, if the TMRS Board of Trustees agreed to provide cities participating in the system with the ability to provide the death benefit specified in the bill, the participating cities who chose this benefit would be required to pay for a \$1,000,000 benefit whenever a city officer was killed in the line of duty.

According to the Austin Police Retirement System (APRS), it is estimated that the direct cost to the system from the bill would be insignificant. According to APRS, the increase to the contribution rate paid by the City of Austin would be 0.16 percent.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 338 Pension Review Board
LBB Staff: JMc, FV, LCO, JPO, NV