

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 22, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4029 by Guillen (Relating to retirement benefits for certain law enforcement officers who are members of the Teacher Retirement System of Texas, including the creation of a supplemental program retirement fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4029, As Introduced: a negative impact of (\$11,400,000) through the biennium ending August 31, 2027.

The fiscal implications to the Teacher Retirement System (TRS) pension fund for the actuarial value for the past service for current peace officers cannot be determined, as the bill provisions are unclear.

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	(\$5,600,000)
2027	(\$5,800,000)
2028	(\$6,000,000)
2029	(\$6,200,000)
2030	(\$6,400,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>
2026	(\$5,600,000)
2027	(\$5,800,000)
2028	(\$6,000,000)
2029	(\$6,200,000)
2030	(\$6,400,000)

Fiscal Analysis

The bill would create a supplemental program retirement fund to provide retirement benefits for certain law enforcement officers in the Teacher Retirement System (TRS). Eligible members would receive an additional 0.5 percent of salary per year of service in their retirement benefit and would be able to commence their entire retirement benefit upon attaining age 57 and 25 years of service. The supplemental fund would also provide

certain occupational disability benefits.

The bill would provide ongoing funding based on an additional contribution rate applied to peace officer payroll. The state contribution rate would increase by 1.5 percent of member salary, in addition to the existing 8.25 percent state contribution rate on eligible payroll for existing TRS benefits.

Methodology

TRS estimates that the 1.5 percent additional contribution rate applied to peace officer payroll would increase state contributions to TRS by \$5.6 million in fiscal year 2026, \$5.8 million in fiscal year 2027, increasing to \$6.4 million in fiscal year 2030.

The bill does not explicitly indicate if current active peace officers in TRS would be granted past service for benefits and retirement eligibility; however, TRS estimates the total actuarial value of the past service for current peace officers is \$88 million. Without a lump sum appropriation in the first fiscal year, this liability could result in the need for additional contributions or future supplemental appropriations.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 323 Teacher Retirement System, 338 Pension Review Board

LBB Staff: JMc, FV, ASA, ENA