

**FISCAL NOTE**  
**SB 1837 - HB 1683**

March 8, 2001

**SUMMARY OF BILL:** Amends the retirement law by adding a new retirement payment plan that members may select at retirement. The plan will:

- be available to members retiring on or after July 1, 2002 with 35 years of creditable service or, if less than 35 years, with 20 years of credible service as a member of the general assembly
- allow the member to draw a normal (unreduced) retirement allowance during the member's lifetime
- provide for payments to a designated beneficiary under certain circumstances
- be optional to local government employees

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$22,202,000 - FY02-03 & thereafter**

**Increase Local Govt. Expenditures\* -**

**\$8,976,000 Annual Amortized Cost - FY02-03 & thereafter**

**\$4,510,000 Annual Amortized Cost/Permissive - FY02-03 & thereafter**

**Other Fiscal Impact - Increase Federal/Other Expenditures -**

**\$2,912,500 Annual Amortized Cost - FY02-03 & thereafter**

Estimate assumes:

- total lump sum pension liability of \$346,670,000
- a 20-year amortization of the lump sum liability
- a 60%-40% ratio between state and local funding for K-12 teachers

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

**SB 1837 - HB 1683**