

**FISCAL NOTE**  
**HB 125 - SB 397**

March 2, 2007

**SUMMARY OF BILL:** Authorizes members of TCRS to establish career military service in other retirement systems.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$3,223,500 Annual Amortized Cost**  
**Increase Local Govt. Expenditures\* - \$1,074,300 Annual Amortized Cost**  
**Exceeds \$1,000,000/Permissive**  
**Other Fiscal Impact - Increase Federal/Other Expenditures -**  
**\$537,400 Annual Amortized Cost**

Assumptions:

- Allows TCRS members to credit any career military service within TCRS even if the member is already receiving credit for that service in another retirement plan.
- One-half of one percent of active members and one percent of retirees will be affected.
- Total lump sum pension liability of \$49,287,000.
- Annual cost to amortize the additional liability over 20 years is \$4,835,200.
- Funding ratio between state and local cost is 60% state and 40% local education agencies.
- Funding ratio for state employee cost between state and federal is 75% state and 25% federal.
- Annual cost to local governments will exceed \$1,000,000 if all entities authorize provisions of the bill.

\*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 W. White, Executive Director