

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 713 - SB 935

April 14, 2013

**SUMMARY OF BILL:** Authorizes time of military service spent on active duty in armed conflict, even if such service did not interrupt employment, to count towards eligibility for receiving retirement health benefits. Pursuant to current law, retirement credit for such service is only authorized if the service interrupted state employment.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Exceeds \$160,000**

**Other Fiscal Impact – Over a period of time estimated to exceed 20 years, the extent of increased state expenditures will gradually increase to a maximum amount exceeding \$560,000 per year.**

Assumptions:

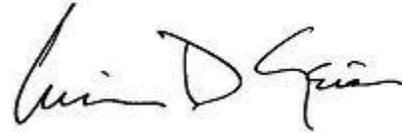
- The fiscal impact of this bill is dependent upon several unknown factors such as the number of currently eligible retired employees with military service in armed conflict in which employment was not interrupted, the number of qualifying retired employees in the future, the number of eligible dependents for such qualifying retired employees currently and in the future, the extent of health claims submitted by the qualifying members and dependents, and the extent of additional qualifying service. Given, the extent of unknown factors, a precise fiscal impact for this bill is difficult to determine.
- Based on information provided by the Department of Finance & Administration, Benefits Administration, increased state expenditures occurring in the first year (FY13-14) are reasonably estimated to exceed \$160,000, with such impact relative to currently retired employees that will qualify for additional benefits.
- Benefits Administration indicates the extent of increased state expenditures will increase significantly in subsequent years as current employees that have served in armed conflict qualify for additional benefits in the future following retirement; the eventual fiscal impact of those currently employed is reasonably estimated to exceed \$400,000.
- The maximum annual liability to the state for both currently retired persons and future retirees is estimated to exceed \$560,000 (\$160,000 + \$400,000) per year. However, such maximum increased state expenditures are not expected to occur until some

unknown future year dependent upon the specific years that the current employees will eventually retire.

- According to the Department of Treasury, this bill will not have an impact on pension fund liability.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/cce