

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 858 - SB 1128

February 27, 2017

SUMMARY OF BILL: Prohibits local governments from reducing the post-employment benefits of retired employees without the written consent of the retired employee. Prohibits local governments from increasing premiums of such post-employment benefit plans at a rate that exceeds the average rate of inflation as calculated by the Consumer Price Index (CPI) published by the United States Department of Labor, the Bureau of Labor Statistics.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Any fiscal impact to local government relative to the provision of post-employment benefits is dependent upon multiple unknown factors and cannot be reasonably determined. No impact to state government.

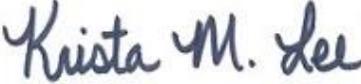
Assumptions:

- This legislation defines a local government as a county, municipality, city, school district, or other political subdivision of the state.
- This legislation defines a post-employee benefit as a local government paid benefit, other than pension, including medical, prescription drug, vision, hearing, life insurance, long-term care, and disability benefit.
- The total statewide impact to local government associated with local government post-employee benefits is dependent on multiple unknown factors such as: the number of retired employees that would consent to a reduction in post-employee benefits; the number of local government post-employment benefit plans that are unable to absorb an increase in costs within their existing benefit budgets and would otherwise change benefit offerings or premiums to adjust for the increase in costs; and the number of local governments post-employment benefit plan premiums that will increase at a rate that exceeds that of the average CPI.
- Given the extent of unknown factors, the precise fiscal impact to local government cannot be reasonably determined.
- Any impact to state government is estimated to be not significant.

HB 858 - SB 1128

CERTIFICATION:

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

Handwritten signature of Krista M. Lee in blue ink.

Krista M. Lee, Executive Director

/amj