

BILL ANALYSIS

H.B. 9
By: Flynn
Pensions
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties contend that the Employees Retirement System of Texas is not actuarially sound and that there is no plan to address the system's unfunded liabilities. These parties express concern that unless this situation is adequately addressed those unfunded liabilities could adversely affect Texas' credit rating. H.B. 9 seeks to remedy this situation.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 9 amends the Government Code to replace the established specified contribution rates to the Employees Retirement System of Texas (ERS) for an ERS member who is not a member of the legislature for service rendered during specified yearlong periods between August 31, 2013, and September 1, 2016, with a uniform contribution rate set at 9.5 percent for service rendered after August 31, 2015, and before September 1, 2017. The bill sets the contribution rate for service rendered on or after September 1, 2017, by such a member at the lesser of 9.5 percent of the member's annual compensation or a percentage of the member's annual compensation equal to 9.5 percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the service relates is less than the state contribution rate established for the 2017 fiscal year.

EFFECTIVE DATE

September 1, 2015.