

SUBJECT: Texas Local Fire Fighters Retirement Act revisions

COMMITTEE: Pensions and Investments — committee substitute recommended

VOTE: 8 ayes — Telford, Woolley, Berlanga, Goolsby, Rangel, Sadler, Serna, Williams
0 nays
1 absent — Tillery

WITNESSES: For — Herbert M. Williams, Jr., Conroe Fireman's Relief and Retirement Fund; R. F. Sullivan and Patrick Hlavaty, State Fireman's and Fire Marshall's Association of Texas; Alva Littlejohn, Lubbock Fireman's Relief and Retirement Fund; Ken Bailey, Texas State Association of Firefighters; Bill Shanklin, Georgetown Fire Department; H. Robert Epley
Against — None
On — Helen Campbell, Texas Firefighters Pension Commission; Robert May, Texas Local Firefighters Retirement Fund

BACKGROUND : The Texas Local Fire Fighters Retirement Act covers fire fighters in 141 fire departments (37 with paid fire fighters, four with partly paid and 100 volunteer fire departments) in mid-size cities. Each fire department has its own retirement plan and invests its own funds. The board of trustees of each local retirement system can adopt or change benefit and eligibility requirements as needed. Boards are prohibited from applying any changes retroactively.

DIGEST: CSHB 336 would amend the Texas Local Fire Fighters Retirement Act to allow the board of trustees of paid and partly paid fire fighter retirement systems to make retroactive changes to maintain a retirement plan's tax status.

The bill would broaden the residency requirements for citizen members of the boards of trustees to include persons who live outside a political subdivision but within the extraterritorial jurisdiction of the municipality.

CSHB 336 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.

**SUPPORTERS
SAY:**

CSHB 336 is necessary to ensure that the boards of trustees for local fire fighter retirement systems have a mechanism for remaining in compliance with federal tax law. Currently, if the federal government makes changes to sections of the Tax Code that are applicable to public retirement systems, the local boards have to wait for the Legislature to meet again to adopt on a retroactive basis any changes or additions. This delay could jeopardize the tax exempt status of a plan if federal requirements mandated retroactive application. Under CSHB 336 boards could apply changes retroactively if the changes were necessary to maintain their tax exempt status.

Broadening the residency requirement for volunteer board members would help maintain a qualified pool of people to serve on local fire fighter retirement system boards. People from the community that are knowledgeable in finance, investments and legislative mandates who happen to live a few miles outside the city limits are not now eligible to serve on a board because they do not live within the political subdivision. CSHB 336 would give more people in the community an opportunity to serve on the pension boards.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The original version of HB 336 would have removed the local residency requirement for citizen participants on fire fighter retirement system boards. The committee substitute retained the local residency requirement but would add residency within the extraterritorial jurisdiction of the municipality.

The companion bill, SB 528 by Bivins, has been referred to the Senate Intergovernmental Relations Committee.