

BILL ANALYSIS

Senate Research Center

H.J.R. 54
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State Affairs
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Engrossed

DIGEST AND PURPOSE

The State of Texas and local governments, by statute and by ordinance, have created pension plans for local government public servants. Although the pension rights of private sector employees are protected under ERISA (federal Employee Retirement Income Security Act), currently there is no Texas law guaranteeing that these retiring public servants will receive the benefits promised to them under their pensions plans. In 1937, the Texas Supreme Court ruled in Dallas v. Trammel, 101 S.W.2d 1009 (Tex. 1937), that a retired police officer did not have a vested right to future pension benefits from the City of Dallas, and the state therefore was permitted to enact legislation reducing those anticipated benefits. This means that even if a public employee has fulfilled all obligations required to collect full benefits at the time of his or her retirement, the legislature or a local government may later enact a law reducing the anticipated benefits. H.J.R 54 proposes a constitutional amendment providing that benefits in certain public retirement systems may not be reduced or impaired.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 67, Article XVI, Texas Constitution, by adding Subsections (h) and (i), as follows:

(h) Provides that this subsection applies only to a public retirement system that is not a statewide system and that provides service and disability retirement benefits and death benefits to public officers and employees and to a statewide public retirement system that provides service and disability retirement benefits and death benefits to volunteer emergency services personnel. Prohibits income benefits under a retirement system to which this subsection applies from being reduced or impaired for service performed before the effective date of any change in the benefit structure, and benefits granted to any retiree or other annuitant before the effective date of this subsection and in effect on that effective date from being reduced or impaired. Provides that the obligation to not reduce or impair benefits is the joint responsibility of the active members of a retirement system and the state or the political subdivision or subdivisions that finance the retirement system. Provides that this subsection does not apply to a member of a retirement system who has not qualified to receive benefits under the requirements of the retirement system.

(i) Provides that a political subdivision and a public retirement system described by Subsection (h) are exempt from the application of Subsection (h) if the political subdivision holds an election on the date in May 2004 that political subdivisions are required to use for the election of their officers and the majority of the voters of the political subdivision voting at the election favor exempting the political subdivision and the public retirement system from the application of Subsection (h).

SECTION 2. Requires this constitutional amendment to be submitted to the voters at an election to be held November 4, 2003. Requires the ballot to be printed to allow for voting for or against the proposition: "The constitutional amendment to guarantee benefits earned in local public retirement systems and certain statewide public retirement systems."