

BILL ANALYSIS

Senate Research Center

H.B. 617
By: McCall (Duncan)
State Affairs
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The 78th Legislature, Regular Session, 2003, passed H.B. 820 which provided that a Texas appellate judge was eligible to retire and receive service retirement annuity if the appellate judge had served at least two full terms on an appellate court and if the sum of the judge's age and the amount of service *credited* in the Judicial Retirement System equaled or exceeded 70. This is now recognized as the "Rule of 70" for Texas appellate judges.

Under this new structure, an appellate judge who has been elected and has served two full terms on an appellate court and who may have service credited from another state retirement plan could reach the "Rule of 70" and retire. In certain cases, however, appellate judges who have met the "Rule of 70" choose not to retire but must still pay into the Judicial Retirement System even though they get no return on their investment. The current system, therefore, acts as a disincentive for those qualified and experienced appellate judges to continue to serve.

H.B. 617 seeks to cure this disincentive by providing that Texas appellate judges, who have served twelve years on an appellate court and who qualify for retirement under the "Rule of 70," are no longer required to contribute to the Judicial Retirement System. The judges may however continue to make contributions if they so choose.

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 840.102, Government Code, by amending Subsection (a) and adding Subsection (h), as follows:

(a) Sets forth contribution requirement for a judicial officer who is a member of a retirement system, except as provided by Subsections (g) and (h).

(h) Sets forth the formula for which a member of the retirement system who serves on the appellate court ceases to make contributions under this section. Provides that a member described by this subsection is considered a contributing member for all other purposes under this subtitle.

SECTION 2. Amends Subchapter B, Chapter 840, Government Code, by adding Section 840.1027, as follows:

Sec. 840.1027. CONTRIBUTIONS AFTER ATTAINING RULE OF 70. (a) Sets forth contribution requirement formula for a judicial officer who elects to make contributions, notwithstanding Section 840.102(h).

(b) Requires a member who elects to make contributions under Subsection (a) to contribute six percent of the member's state compensation for each payroll period in the manner provided by Sections 840.102(b)-(f). Provides that Section 840.105 does not apply to a contribution under this section.

(c) Prohibits a member from making contributions under this section for more than 10 years of subsequent service credit that the member accrues.

SECTION 3. Amends Section 839.102, Government Code, by amending Subsection (a) and adding Subsection (f), as follows:

(a) Provides that except as provided by Subsections (b), (c), and (f), the standard service retirement annuity is an amount equal to 50 percent of the state salary being paid at the time the member retires to a judge of a court of the same classification.

(f) Sets forth the formula for determining the service retirement annuity of a member qualifying for retirement under Section 839.101(a)(4). Prohibits the service retirement annuity under this subsection from being an amount greater than 80 percent of the applicable salary under Subsection (a), after including any increase under Subsection (b).

SECTION 4. Effective date: September 1, 2005.