

## **BILL ANALYSIS**

Senate Research Center  
80R10623 KFF-F

H.B. 1244  
By: Kuempel (Williams)  
State Affairs  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 1947, the legislature created the Texas Municipal Retirement System (system) to provide retirement, disability, and death benefits to officers and employees of municipalities participating in the system. Each participating municipality chooses from a range of possible benefits and is responsible for funding those benefits separately from the benefits payable to other members. Today, the system includes more than 800 municipalities and more than 133,000 members, retirees, and other beneficiaries.

H.B. 1244 provides new matching ratios for municipalities to choose from and authorizes municipalities to make additional contributions to the system above the calculated rate, on a voluntary basis. The bill also authorizes the board of trustees of the system to set amortization periods for funding pension liabilities up to 25 years and to make distributions to qualified health insurance providers for retired public safety officers under the federal Pension Protection Act.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the board of trustees of the Texas Municipal Retirement System in SECTION 1 (Section 851.006, Government Code), SECTION 2 (Section 853.402, Government Code), SECTION 3 (Section 855.110, Government Code), and SECTION 4 (Section 855.4065, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 851.006, Government Code, as follows:

Sec. 851.006. EXEMPTION FROM EXECUTION. (a) Creates this subsection from existing text. Makes a conforming change.

(b) Authorizes the board of trustees of the Texas Municipal Retirement System (board) by rule to authorize the Texas Municipal Retirement System (retirement system) to make distributions to pay the qualified health insurance premiums of a public safety officer in accordance with the provisions of Section 845 (Distributions From Governmental Retirement for Health and Long-Term Care Insurance for Public Safety Officials) of the federal Pension Protection Act of 2006 (Pub. L. No. 109-280).

SECTION 2. Amends Section 853.402, Government Code, by adding Subsection (a-1), to authorize the board by rule to limit the increase in a member's average updated service compensation from year to year.

SECTION 3. Amends Section 855.110, Government Code, by adding Subsection (c), to authorize the board, after consultation with the actuary, by rule to set open or closed amortization periods not to exceed 25 years.

SECTION 4. Amends Subchapter E, Chapter 855, Government Code, by adding Section 855.4065, as follows:

Sec. 855.4065. ADDITIONAL EMPLOYER CONTRIBUTIONS. (a) Authorizes the board, after consultation with the actuary, by rule to authorize a participating municipality to make lump-sum or periodic employer contributions to the retirement

system to be deposited in the municipality's account in the municipality accumulation fund.

(b) Provides that an employer contribution is not subject to the maximum contribution rates under Sections 855.407 (Limitation on Municipality Contribution Rates) and 855.501 (Increased Current Service Annuities), Government Code.

SECTION 5. Repealer: Section 853.402(g) (regarding service compensation for municipal employees who did not apply for retirement before terminating employment), Government Code.

SECTION 6. Makes application of the repeal of Section 853.402(g), Government Code, prospective to September 1, 2007.

SECTION 7. Effective date: September 1, 2007, except as provided by Subsection (b).

(b) Effective date for Sections 851.006, 853.402(a-1), 855.110(c), and 855.4065: January 1, 2008.