

## **BILL ANALYSIS**

Senate Research Center

S.B. 1626  
By: Watson  
State Affairs  
4/11/2007  
As Filed

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

Under current law, City of Austin police and firefighters are not authorized to join the proportionate retirement program. Therefore, Austin police officers and firefighters who move to other City of Austin jobs are unable to combine their years of service in the police or firefighter retirement systems with their service in the City of Austin retirement system in order to meet years-of-service requirements for retirement eligibility.

As proposed, S.B. 1626 authorizes the Austin police and fire retirement systems to join the proportionate retirement program if the retirement systems and the City of Austin authorize that action. This bill also requires the City of Austin to increase its contribution to the retirement system to fund any additional liabilities incurred by the systems because of participation in the proportionate retirement program.

### **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 803.101, Government Code, by adding Subsection (g), as follows:

(g) Authorizes the governing body of a public retirement system in this state for municipal police officers or firefighters in a municipality described by Section 803.0021(1) (regarding a retirement system for general municipal employees in a municipality with a population of not less than 600,000 nor more than 700,000) that is a qualified plan under Section 401(a) (regarding qualified pension, profit-sharing, and stock bonus plans) of the Internal Revenue Code of 1986 (29 U.S.C. section 401) and the governing body of the municipality to elect to have the retirement system participate in the proportionate retirement program (program) by adopting resolutions to that effect. Prohibits the governing body of the municipality from adopting a resolution unless an actuary acting for the municipality has reviewed the initial cost to the municipality of electing such participation. Requires the governing body of the retirement system to notify all other participating retirement systems of the election. Provides that the effective date of participation in the program by a retirement system for which an election is made under this subsection is the first day of the third month after the month in which notice is given under this subsection. Provides that an election under this subsection does not require the approval of the participants in the public retirement system making the election. Requires the governing body of the municipality that finances the retirement system to appropriate and pay to the retirement system at the same time that the municipality makes its monthly contributions to the retirement system all additional contributions determined by the system's actuary to be necessary in order to fund the additional liabilities incurred by the retirement system as a result of participating in the program.

SECTION 2. Effective date: upon passage or September 1, 2007.