

BILL ANALYSIS

H.B. 601
By: Thompson
Pensions & Investments
Committee Report (Unamended)

BACKGROUND

The Houston Municipal Employees Pension System (HMEPS) is a defined benefit pension plan established by Article 6243h, VTCS, with approximately 20,000 active and retired participants. HMEPS provides retirement, disability and survivor benefits for eligible City of Houston and pension system employees, except police officers and firefighters.

HMEPS board and staff, as well as active municipal members, retirees, and the City of Houston, continually review the programs administered by HMEPS as well as the enabling legislation and make recommendations resulting from this process

PURPOSE

As proposed, House Bill 601 revises the composition of the Board of Trustees, who may serve on the board and how the board member is selected. It also revises the powers and duties of the system and programs under the Houston Municipal Employees Pension System.

RULEMAKING AUTHORITY

It is the opinion of this committee that this bill does not grant additional rulemaking authority to any state officer, agency, department or institution.

SECTION BY SECTION ANALYSIS

SECTION 1: Amends Section 2(c) and (j), Chapter 88, Acts of the 77th Legislature, (Article 6243h, VTCS), to reduce the number of trustees on the pension board from 11 to 9, by reducing the number of appointed trustees from three to one. Deletes the requirement for the appointed trustee to reside in the city, but allows residency anywhere in the state. Gives the elected members of the board appointment authority for the appointed position, including removal.

SECTION 2: Amends Section 3, Chapter 88, Acts of the 77th Legislature, (Article 6243h, VTCS), by adding Subsection (n). Subsection (n) authorizes the pension board to enter into a written agreement with the city regarding pension issues and benefits, as provided, and sets forth certain parameters.

SECTION 3: Amends Section 15, Chapter 88, Acts of the 77th Legislature, (Article 6243h, VTCS), by changing the subchapter heading from "Annuity Increase" to "Increase in Benefits."

SECTION 4: Amends Section 15, Chapter 88, Acts of the 77th Legislature, (Article 6243h, VTCS), by adding a Subsection (d). Subsection (d) provides that a pension benefit may be increased if approved by a qualified actuary as stipulated, approved by the board and city as stipulated, and does not deprive a member of benefits as stipulated.

SECTION 5: Discontinues the terms of the trustees serving under Section 2(c) (5), Chapter 88, Acts of the 77th Legislature, (Article 6243h, VTCS), on the effective date of this Act, and requires the

pension board to appoint or reappoint one trustee under Section 2, as amended by this Act, no later than October 1, 2003, for a term expiring in January 2004.

SECTION 6. Effective date.

EFFECTIVE DATE

Effectively immediately upon a vote of two-thirds of all members elected to each house; otherwise, effective September 1, 2003.