

BILL ANALYSIS

Senate Research Center
78R3345 SMJ-D

H.B. 1153
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Intergovernmental Relations
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Engrossed

DIGEST AND PURPOSE

The Fire and Police Fund was created to provide retirement security for members of the police and fire departments and their beneficiaries. As proposed, H.B. 1153 would provide greater clarity to retirement and disability benefits for both fire and police employees.

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 1.02 (7), Article 6243o, V.T.C.S., to redefine “dependent child” and make nonsubstantive changes.

SECTION 2. Amends Sections 4.01(a) and (c), Article 6243o, V.T.C.S., as follows:

(a) Provides that a person is eligible to become a member of the Fire and Police Fund (fund) as a condition of continued employment after, rather than two months after, the person has received state certification as a fire fighter or police officer, and met other requirements.

(c) Makes a conforming change.

SECTION 3. Amends Section 4.05, Article 6243o, V.T.C.S., by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Makes a conforming change.

(a-1) Provides that for a member who participates in the fund for the first time after September 30, 2003, and before October 1, 2005, a municipality is not required to pay an amount under Subsection (a) of this section into the fund for the member before the 61st day after the date the member becomes a participant in the fund.

SECTION 4. Amends Section 4.07 (b), Article 6243o, V.T.C.S., to make a conforming change.

SECTION 5. Amends Article 6243o, V.T.C.S., by adding Section 4.08, as follows:

Sec. 4.08. PURCHASE OF SERVICE CREDIT PREVIOUSLY REFUNDED. (a) Authorizes a member who received a refund under Section 4.07 of this Act of contributions made for a prior period of employment to reestablish service credit for that prior period of employment by paying to the fund a lump sum equal to the amount of the refund the member received under Section 4.07 of this Act, plus interest on the amount at the actuarial assumed rate of return, as established by the board of trustees (board), from the date the member received the refund to the date the member makes the lump-sum payment.

(b) Requires a member to make the lump-sum payment under this section within a period of days after the date the member is reemployed that is equal to three times the number of

days of the period beginning on the date the member terminated the member's prior employment and ending on the date the member is reemployed, provided that the period for making the lump-sum payment may not exceed five years.

(c) Requires the member to file with the secretary of the board a written statement of intent to make the lump-sum payment under this section not later than the 90th day after the date the member is reemployed, except that a member who is reemployed before October 1, 2003, is required to file the statement on or before December 31, 2003.

SECTION 6. Amends Section 5.03 (b), Article 6243o, V.T.C.S., to delete current language in existing text regarding a member of uniformed service not being entitled to a disability retirement annuity based on that disability.

SECTION 7. Amends Sections 5.05(b) Article 6243o, V.T.C.S, to provide that the percentage used to compute the disability retirement annuity may not be reduced to less than 2.25, rather than 2, percent of the base pay of a private each month.

SECTION 8. Amends Section 6.02(a), (c), and (j), Article 6243o, V.T.C.S., as follows:

(a) Adds "or disability retiree" to existing text relating to surviving spouses or children being entitled to receive a death benefit annuity from the fund.

(c) Makes a conforming change.

(j) Provides that a dependent child as defined by Section 1.02(7)(B) of this Act has the same rights as a dependent child as defined by Section 1.02(7)(A) of this Act, except that any death benefit annuity paid under this subsection to a dependent child as defined by Section 1.02(7)(B) of this Act may, at the discretion of the board, be reduced to the extent of any state pension or aid, including Medicaid, or any state-funded assistance received by the child, regardless of whether the funds were made available to the state by the federal government. Deletes language from existing text related to the child of a member being mentally or physically incapable of being self-supporting.

SECTION 9. Amends Section 6.13, Article 6243o, V.T.C.S., to authorize any benefit payable under this article to a dependent child as defined by Section 1.02(7)(A) of this Act, at the board's discretion, to be:

(1) paid to a guardian appointed in accordance with Chapter XIII, Texas Probate Code; or

(2) accrued by the fund and paid directly to the dependent child on the child's 18th birthday.

SECTION 10. Repealer: Section 4.03(g), Chapter 824, Article 6243o, V.T.C.S.

SECTION 11. Effective date: October 1, 2003.