

## BILL ANALYSIS

Senate Research Center

S.B. 1560  
By: Madla  
State Affairs  
3/31/2003  
As Filed

### DIGEST AND PURPOSE

Currently, certain large public retirement systems have adequate procedures in place to verify annuity payments are correct. However, smaller public retirement systems and independent pension funds of firefighters and police officers do not. As a result, errors are sometimes made and remain undiscovered until years later. As proposed, S.B. 1560 sets a three-year limit on reimbursement sought from recipients of public retirement systems and firefighter and police officer pension funds, with the exclusion of cases of fraud and prior agreements.

### 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 Chapter 802, Subchapter B, Government Code, by adding Section 802.1024, as follows:

Sec. 802.1024. CORRECTION OF ERRORS. (a) Requires the governing body of a public retirement system to correct an error in the records of that system that results in a person receiving more or less money than the person is entitled to receive under this subtitle, and so far as practicable to adjust any future payments so that the actuarial equivalent of the benefit to which the person is entitled is paid, except as provided by Subsection (b). Authorizes the governing body of the retirement system to recover the overpayment in any manner that would be permitted for the collection of any other debt, if no future payments are due.

(b) Authorizes a public retirement system, except as provided by Subsection (c), to correct the overpayment of benefits to a person entitled to receive payments from the system by the method described by Subsection (a) only for an overpayment made during the three years preceding the date the governing body of the system discovers or discovered the overpayment and prohibits recovering from the recipient any overpayment made more than three years before the discovery of the overpayment.

(c) Provides that Subsection (b) does not apply to an overpayment a reasonable person should know the person is not entitled to receive.

SECTION 2. Amends Section 12(b), Chapter 451, Acts of the 72nd Legislature, Regular Session, 1991 (Article 6243n, V.T.C.S.), to provide an exception.

SECTION 3. Amends Section 10.02, Chapter 452, Acts of the 72nd Legislature, Regular Session, 1991 (Article 6243n-1, V.T.C.S.), to make a conforming change.

SECTION 4. Amends Section 3.03(d), Chapter 824, Acts of the 73rd Legislature, Regular Session, 1993 (Article 6243o, V.T.C.S.), to make a conforming change.

SECTION 5. Provides that this Act applies to an underpayment or overpayment of benefits by a public retirement system made by the governing body of the system regardless of whether the

underpayment or overpayment was made before the effective date of this Act, except that it does not apply to an overpayment that has been resolved by agreement made before the effective date of this Act between the governing body of a public retirement system and the recipient of the overpayment.

SECTION 6. Effective date: upon passage or September 1, 2003.