

1-1 By: Barrientos S.B. No. 1442
1-2 (In the Senate - Filed March 13, 2003; March 20, 2003, read
1-3 first time and referred to Committee on Intergovernmental
1-4 Relations; April 22, 2003, reported favorably by the following
1-5 vote: Yeas 5, Nays 0; April 22, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to participation in, contributions to, and benefits and
1-9 administration of retirement systems for police officers in certain
1-10 municipalities.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 5.02, Chapter 452, Acts of the 72nd
1-13 Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's
1-14 Texas Civil Statutes), is amended by adding Subsections (d) and (e)
1-15 to read as follows:

1-16 (d) The police retirement board may by rule establish
1-17 additional requirements that a person must meet in order to receive
1-18 credit under this section.

1-19 (e) The police retirement board may by rule provide that no
1-20 person may receive credit under this section after a date set forth
1-21 in that rule.

1-22 SECTION 2. Chapter 452, Acts of the 72nd Legislature,
1-23 Regular Session, 1991 (Article 6243n-1, Vernon's Texas Civil
1-24 Statutes), is amended by adding Section 5.05 to read as follows:

1-25 Sec. 5.05. PERMISSIVE SERVICE CREDIT. (a) The police
1-26 retirement board may by rule provide that a member or eligible
1-27 surviving spouse of a member may establish creditable service by
1-28 depositing with the retirement system the actuarial present value,
1-29 at the time of deposit, of the additional life annuity (modified
1-30 cash refund) defined in Section 6.01 of this Act that would be
1-31 attributable to the purchase of the service credit under this
1-32 section, based on rates and tables recommended by the retirement
1-33 system's actuary and adopted by the board of trustees.

1-34 (b) Prior to allowing the purchase of service credit under
1-35 this section, the police retirement board shall adopt rules
1-36 relating to the maximum amount of credit which may be purchased by a
1-37 person under this section, the eligibility requirements that a
1-38 person must satisfy before purchasing credit under this section,
1-39 and such other matters as the board considers necessary for the
1-40 administration of this section.

1-41 (c) The board may not adopt a rule authorizing the purchase
1-42 of credit under this section unless the board has obtained an
1-43 actuarial study indicating that adoption of the rule will not make
1-44 the retirement system financially unsound and that, after adoption
1-45 of the rule, the retirement system's unfunded actuarial liability
1-46 can be amortized within the maximum amortization period adopted by
1-47 the Governmental Accounting Standards Board.

1-48 (d) The board may not adopt a rule authorizing the purchase
1-49 of credit under this section if that rule would be inconsistent with
1-50 the requirements of the Internal Revenue Code of 1986 (26 U.S.C.
1-51 Section 1 et seq.) and its successors.

1-52 (e) The board may modify or repeal a rule adopted under this
1-53 section. A modification of a rule adopted under this section must
1-54 comply with the requirements of this section.

1-55 SECTION 3. Subsection (c), Section 6.05, Chapter 452, Acts
1-56 of the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
1-57 Vernon's Texas Civil Statutes), is amended to read as follows:

1-58 (c) In the event of death of a member receiving a retirement
1-59 benefit, the sum of \$7,500 shall be payable in a lump sum to the
1-60 member's beneficiary or, if no beneficiary, to the member's estate,
1-61 unless the member shall have directed otherwise in writing, duly
1-62 acknowledged and filed with the board. The payment under this
1-63 subsection shall be made from the retiree death benefits fund
1-64 described in Section 6.08 of this Act.

SECTION 4. Subsection (j), Section 6.07, Chapter 452, Acts of the 72nd Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's Texas Civil Statutes), is amended to read as follows:

(j) ~~The board may modify or eliminate the RETRO DROP provisions of this section by the adoption of board rules if the modification or elimination is approved by the board's actuary and would not cause the amortization period for the retirement system's unfunded actuarial liability to exceed the maximum amortization period adopted by the Governmental Accounting Standards Board [until August 31, 2002. At that time, the board's actuary shall study the effects of the RETRO DROP provisions of this section and report the results of the study to the board. Based on the report, the board may decide to continue with, modify, or eliminate the RETRO DROP provisions by the adoption of board rules].~~

SECTION 5. Chapter 452, Acts of the 72nd Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's Texas Civil Statutes), is amended by adding Section 6.08 to read as follows:

Sec. 6.08. RETIREE DEATH BENEFIT FUND. (a) The police retirement board shall establish a retiree death benefit fund and shall deposit in such fund contributions paid by the city to provide retiree death benefits in accordance with this section. The board may, but is not required to, credit interest to the retiree death benefit fund annually at such rate as the board may determine.

(b) The police retirement system shall pay death benefits under Section 6.05(c) of this Act only from money in the retiree death benefit fund, and the benefits are not an obligation of other funds of the retirement system.

(c) Based upon the recommendation of the system's actuary, the board shall adopt such rates and tables as are considered necessary to determine the retiree death benefit fund contribution rate of the city. At the same time as the actuary makes a valuation of the assets and liabilities of the system pursuant to Section 3.09 of this Act, the actuary shall also make an actuarial valuation of the assets and liabilities of the retiree death benefit fund, and upon recommendation by the actuary, the board shall adjust the rates and tables for the retiree death benefit fund.

(d) If at any time the amount of payments due from the retiree death benefit fund exceeds the balance of such fund, the board may direct that funds be transferred from the general retirement fund to the retiree death benefit fund in such amounts as are necessary to cover the deficiency. Any sums transferred to the retiree death benefit fund under this subsection shall be repaid to the general retirement fund of the retirement system at such time as subsequent contributions by the city have resulted in the accumulation of a sufficient amount in the retiree death benefit fund for such a repayment to appear prudent.

(e) Contributions by the city to the retiree death benefit fund shall be made at the same time as the city makes its contribution to the retirement system under Section 8.01 of this Act, and the amount of the city's contribution under Section 8.01 of this Act each pay period shall be reduced by the amount of the city's contribution to the retiree death benefit fund for that same pay period.

SECTION 6. This Act takes effect September 1, 2003.

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