

By: Eiland, Flynn, Bonnen, et al.

H.B. No. 73

Substitute the following for H.B. No. 73:

By: Eiland

C.S.H.B. No. 73

A BILL TO BE ENTITLED

AN ACT

relating to public financing of the public education employee retirement system and certain retirement benefits; making an appropriation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 825.404(a), Government Code, is amended to read as follows:

(a) During each fiscal year, the state shall contribute to the retirement system an amount sufficient to amortize, within a 30-year funding period, the actuarial liability of the retirement system for service retirement benefits, disability retirement benefits, and death benefits provided under this subtitle for members, retirees, and beneficiaries. The amount must be determined based on the annual August 31 actuarial valuation and must be equal to at least six and not more than 10 percent of the aggregate annual compensation of all members of the retirement system during that fiscal year.

SECTION 2. (a) The Teacher Retirement System of Texas shall make a one-time supplemental payment of a retirement or death benefit, as provided by this section.

(b) The supplemental payment is payable in January 2007 and, to the extent practicable, on a date or dates that coincide with the regular annuity payment payable to each eligible annuitant.

(c) The amount of the supplemental payment is equal to the

1 lesser of:

2 (1) \$2,000; or

3 (2) the gross amount of the regular annuity payment to  
4 which the eligible annuitant is otherwise entitled for the month of  
5 December 2006.

6 (d) The supplemental payment is payable in January 2007,  
7 without regard to any forfeiture of benefits under Section 824.602,  
8 Government Code. The Teacher Retirement System of Texas shall make  
9 applicable tax withholding and other legally required deductions  
10 before disbursing the supplemental payment. The supplemental  
11 payment under this section is in addition to and not in lieu of the  
12 regular monthly annuity payment to which the eligible annuitant is  
13 otherwise entitled.

14 (e) Subject to Subsection (f) of this section, to be  
15 eligible for the supplemental payment, a person must be, for the  
16 month of December 2006, and disregarding any forfeiture of benefits  
17 under Section 824.602, Government Code, an annuitant eligible to  
18 receive:

19 (1) a standard retirement annuity payment;

20 (2) an optional retirement annuity payment as either a  
21 retiree or beneficiary;

22 (3) a life annuity payment under Section  
23 824.402(a)(4), Government Code;

24 (4) an annuity for a guaranteed period of 60 months  
25 under Section 824.402(a)(3), Government Code; or

26 (5) an alternate payee annuity payment under Section  
27 804.005, Government Code.

1           (f) If the annuitant is a retiree or a beneficiary under an  
2 optional retirement payment plan, to be eligible for the  
3 supplemental payment, the effective date of the retirement of the  
4 member of the Teacher Retirement System of Texas must have been  
5 before September 1, 2005. If the annuitant is a beneficiary under  
6 Section 824.402(a)(3) or (4), Government Code, to be eligible for  
7 the supplemental payment, the date of death of the member of the  
8 retirement system must have been before September 1, 2005. The  
9 supplemental payment shall be made to an alternate payee who is an  
10 annuitant under Section 804.005, Government Code, only if the  
11 annuity payments to the alternate payee commenced before September  
12 1, 2005. The supplemental payment is in addition to the guaranteed  
13 number of payments under Section 824.402(a)(3) or 824.204(c)(3) or  
14 (4), Government Code, and may not be counted as one of the  
15 guaranteed monthly payments.

16           (g) The supplemental payment does not apply to payments  
17 under:

18                   (1) Section 824.304(a), Government Code, relating to  
19 disability retirees with less than 10 years of service credit;

20                   (2) Section 824.804(b), Government Code, relating to  
21 participants in the deferred retirement option plan with regard to  
22 payments from their deferred retirement option plan accounts;

23                   (3) Section 824.501(a), Government Code, relating to  
24 retiree survivor beneficiaries receiving a survivor annuity in an  
25 amount fixed by statute; or

26                   (4) Section 824.404(a), Government Code, relating to  
27 active member survivor beneficiaries receiving a survivor annuity

1 in an amount fixed by statute.

2 (h) Except as provided by this section, the board of  
3 trustees of the Teacher Retirement System of Texas shall determine  
4 the eligibility for and the amount and timing of a supplemental  
5 payment and the manner in which the payment is made.

6 (i) The Teacher Retirement System of Texas shall pay the  
7 supplemental payment made under this section from the retired  
8 reserve account and may transfer to that account from the state  
9 contribution account any portion of the amount that exceeds the  
10 amount in the retired reserve account available to finance the  
11 supplemental payment and that is actuarially determined to be  
12 necessary to finance the supplemental payment. The supplemental  
13 payment under this section must comply with Section 821.006,  
14 Government Code.

15 SECTION 3. The amount necessary to fund the supplemental  
16 payment required by Section 2 of this Act (an estimated amount of  
17 \$310 million) is appropriated out of the general revenue fund to the  
18 Teacher Retirement System of Texas for the fiscal year beginning  
19 September 1, 2006, for the purpose of funding that supplemental  
20 payment.

21 SECTION 4. Section 825.404(a), Government Code, as amended  
22 by this Act, applies beginning with the 2007-2008 fiscal year.

23 SECTION 5. This Act takes effect immediately if it receives  
24 a vote of two-thirds of all the members elected to each house, as  
25 provided by Section 39, Article III, Texas Constitution. If this  
26 Act does not receive the vote necessary for immediate effect, this  
27 Act takes effect on the 91st day after the last day of the

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1 legislative session.