

BILL ANALYSIS

C.S.H.B. 3200
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Pensions & Investments
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Constitution prohibits a person from receiving benefits from more than one system or program of retirement for public employees for the same service but does grant the legislature the power to authorize benefits for service covered by more than one system. For this purpose, the Constitution does not define what is a “system or program of retirement.” The legislative history indicates that the Constitutional prohibition was aimed at preventing duplicate service crediting under two different public employers for the same service. Many governmental employers have provided their employees with a core retirement program, such as the Texas Municipal Retirement System or the Texas County and District Retirement System, and offer a supplemental retirement benefit to their employees under a separate plan.

This bill clarifies the instances in which separate retirement programs may be funded by a governmental employer without constituting a prohibited crediting of the same service under more than one public retirement system.

RULEMAKING AUTHORITY

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

ANALYSIS

SECTION 1. Amends 810.001, Government Code, by adding subsection (j) to state that a single governmental employer is not permitting a person to receive benefits from more than one system or program of retirement if the employer is participating in the Texas Municipal Retirement System or the Texas County and District Retirement System and sponsors one or more supplemental plans funded by the political subdivision, the employee, or a combination thereof that was established before January 2005 where the benefits paid to the employee under TMRS or TCDRS and all of the supplemental plans are in compliance with Section 415, Internal Revenue Code of 1986.

SECTION 2. Validates acts and proceedings of a political subdivision that established, financed or administered supplemental plans prior to January 1, 2005.

SECTION 3. Effective date.

EFFECTIVE DATE

This Act takes effect September 1, 2005 or immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The original Section 1 provided that an employer who participated in a benefit plan in lieu of social security or a supplemental retirement system would still be eligible for participation in a state-wide or other public retirement system.

The substitute alters the language to be more specific to a governmental employer participating in the Texas Municipal Retirement System or the Texas County and District Retirement System who established a supplemental plan prior to January 1, 2005 where the combined benefits are in

compliance with parameters set forth in the Internal Revenue Code of 1986. The Substitute also adds Section 2 to validate previous acts by such governmental employers.