

## **BILL ANALYSIS**

C.S.H.B. 1244  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Texas Municipal Retirement System (TMRS) is a statewide system established in 1947 to provide cities in Texas voluntary access to retirement, disability, and death benefits for their employees. Each participating city chooses a plan of benefits from the various options available under TMRS. The plan of benefits selected is funded separately for each city through a combination of employee contributions as a set percentage of compensation and employer contributions determined annually utilizing generally accepted actuarial principles and practices within the parameters established by the TMRS Act.

The intent of this legislation is to provide additional options that municipalities and members can use to meet the ever-changing needs of the municipal workforce.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Municipal Retirement System Board of Trustees in Sections 851.006(b), 853.402(a-1), 855.4065(a) and 855.110(c).

### **ANALYSIS**

This bill grants the Board the authority to adopt rules that authorize the retirement system to make distributions for health insurance premiums for public safety officers in accordance with the Pension Protection Act of 2006. This section takes effect January 1, 2008.

This bill clarifies that the average updated service compensation will be calculated in accordance with Section 853.402(b) effective September 1, 2007 and Section 853.402(g) is repealed effective September 1, 2007.

This bill amends Section 853.402(a-1) and authorizes the Board to adopt rules that limit the increase in the average updated service compensation. This portion of the Act will become effective January 1, 2008.

This bill amends Section 855.110(c) and grants the Board the authority to adopt rules to set amortization periods provided the periods do not exceed 25 years. The amortization periods may be open or closed. This portion of the bill will become effective January 1, 2008.

This bill adds a section that authorizes the Board to adopt rules to allow municipalities to make additional lump-sum or periodic payments to their account in the municipal accumulation fund. These payments are in addition to the municipality's required contribution. If a municipality is still subject to a maximum contribution rate limit, payments made by a municipality under the rules adopted under this section will not cause the municipality to violate the maximum contribution rate limits. This portion of the bill will become effective January 1, 2008.

### **EFFECTIVE DATE**

September 1, 2007, except that Section 851.006, Government Code, and Sections 853.402(a-1), 855.110(c) and 855.4065, Government Code, take effect January 1, 2008.

## **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute removes provisions in the original that would have allowed retirees to return to work for a reemploying municipality and not have their retirement benefit suspended.

The substitute removes provisions in the original bill that provided new matching ratios.