

BILL ANALYSIS

H.B. 2870
By: Truitt
Pensions & Investments
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under current law, employees of a city, with a population of 500,000 or more that provides a retirement, disability, and death benefit system under Section 2, Chapter 426, Acts of the 64th Legislature, Regular Session, 1975 (Article 6243k, Vernon's Texas Civil Statutes), may not contribute more than 10 percent of the employee's salary into the city's retirement fund.

To address an unfunded liability identified by actuarial experts in certain cities, there has been a recommendation that both the city and the employees be allowed to increase their contribution to the fund. This bill allows certain cities to increase to more than ten percent the amount that the city's employees may contribute to the retirement fund. This change in law will help certain cities deal with unfunded liabilities in their pension funds.

RULEMAKING AUTHORITY

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

ANALYSIS

The Act provides that in a city or town with a population of 500,000 or more that provides retirement, disability, and death benefits under Section 2, Chapter 426, Acts of the 64th Legislature, Regular Session, 1975 (Article 6243k, Vernon's Texas Civil Statutes), each member of the retirement system must contribute an amount determined by the city or town that may exceed 10 percent of the annual compensation paid to the member by the city or town.

EFFECTIVE DATE

September 1, 2007.