

By: McClendon

H.B. No. 2753

A BILL TO BE ENTITLED

AN ACT

1
2 relating to public financing of the Employees Retirement System of
3 Texas, including a cost-of-living adjustment.

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

5 SECTION 1. Subchapter A, Chapter 814, Government Code, is
6 amended by adding Section 814.012 to read as follows:

7 Sec. 814.012. ADJUSTMENT FOR COST OF LIVING. (a) The
8 amount of a monthly service retirement benefit, disability
9 retirement benefit, or death benefit paid under this chapter to a
10 retiree or beneficiary for service credited in the employee class
11 is adjusted in accordance with this section as necessary to reflect
12 inflation.

13 (b) In each odd-numbered year, the board of trustees shall
14 determine the amount of the adjustment that takes effect on
15 September 1 of that year and ends August 31 of the next odd-numbered
16 year. The adjustment is computed using the greater of two percent
17 or the percent increase, if any, in the Texas Consumer Price Index
18 most recently published by the comptroller for the two most recent
19 Decembers.

20 (c) The board of trustees shall recompute the amount of a
21 benefit paid under this chapter by applying the adjustment computed
22 under Subsection (b) to the amount otherwise required to be paid as
23 determined in accordance with the other applicable provisions of
24 this chapter.

1 SECTION 2. Section 814.105(a), Government Code, is amended
2 to read as follows:

3 (a) Except as otherwise provided by this section, the
4 standard service retirement annuity for service credited in the
5 employee class of membership is an amount computed as the product of
6 1.05 and the member's average monthly compensation for service in
7 that class for the 36 highest months of compensation multiplied by
8 2.3 percent for each year of service credit in that class.

9 SECTION 3. Section 814.107(b), Government Code, is amended
10 to read as follows:

11 (b) The standard service retirement annuity payable for at
12 least 20 years of service credit as a law enforcement or custodial
13 officer is an amount computed as the product of 1.05 and [~~on the~~
14 ~~basis of~~] the member's average monthly compensation for the 36
15 highest months of compensation in the employee class, times the sum
16 of the percentage factor used in the computation of a standard
17 service retirement annuity under Section 814.105 plus .5 percent.

18 SECTION 4. Section 814.206(a), Government Code, is amended
19 to read as follows:

20 (a) Except as provided by Subsection (b) and Section
21 814.207, a standard disability retirement annuity for service
22 credited in the employee class of membership is an amount computed
23 as the product of 1.05 and [~~at the rate of~~] 2.3 percent for each year
24 of service credit in that class[~~7~~] times the member's average
25 monthly compensation.

26 SECTION 5. Sections 815.403(a), (b), and (d), Government
27 Code, are amended to read as follows:

1 (a) During each fiscal year, the state shall contribute to
2 the retirement system:

3 (1) an amount equal to 7.4 percent of the total
4 compensation of all members of the retirement system for that year;

5 (2) money to pay lump-sum death benefits for retirees
6 under Section 814.501;

7 (3) an amount for the law enforcement and custodial
8 officer supplemental retirement fund equal to 2.13 percent of the
9 aggregate state compensation of all custodial and law enforcement
10 officers for that year;

11 (4) money necessary for the administration of the law
12 enforcement and custodial officer supplemental retirement fund;
13 [~~and~~]

14 (5) money for service credit not previously
15 established, as provided by Section 813.202(c) or 813.302(d); and

16 (6) an amount sufficient to amortize, within a 30-year
17 funding period, the actuarial liability of the retirement system
18 for service retirement benefits, disability retirement benefits,
19 death benefits, and cost-of-living adjustments provided under this
20 subtitle for members, retirees, and beneficiaries.

21 (b) Before November 2 of each even-numbered year, the
22 retirement system shall certify to the Legislative Budget Board and
23 to the budget division of the governor's office for review:

24 (1) an estimate of the amount necessary to pay the
25 state's contribution under Subsections (a)(1), (a)(2), (a)(3),
26 [~~and~~] (a)(5), and (a)(6) for the following biennium; and

27 (2) as a separate item, an estimate of the amount

1 required to administer the law enforcement and custodial officer
2 supplemental retirement fund for the following biennium.

3 (d) Before September 1 of each year, the retirement system
4 shall certify to the state comptroller of public accounts:

5 (1) an estimate of the amount necessary to pay the
6 state's contribution under Subsections [~~Subsection~~] (a)(1) and
7 (a)(6) for the following fiscal year;

8 (2) an estimate of the amount necessary to pay
9 membership fees for the following fiscal year, if the legislature
10 has appropriated money for that purpose; and

11 (3) an estimate of the amount required to pay lump-sum
12 death benefits for retirees under Section 814.501 for the following
13 fiscal year.

14 SECTION 6. (a) Section 814.012, Government Code, as added
15 by this Act, applies only to a monthly benefit payment made by the
16 Employees Retirement System of Texas on or after September 1, 2009.

17 (b) Sections 814.105(a), 814.107(b), and 814.206(a),
18 Government Code, as amended by this Act, apply only to a monthly
19 benefit payment made by the Employees Retirement System of Texas on
20 or after September 1, 2007.

21 SECTION 7. This Act takes effect immediately if it receives
22 a vote of two-thirds of all the members elected to each house, as
23 provided by Section 39, Article III, Texas Constitution. If this
24 Act does not receive the vote necessary for immediate effect, this
25 Act takes effect September 1, 2007.