

By: Duncan

S.B. No. 1846

Substitute the following for S.B. No. 1846:

By: McClendon

C.S.S.B. No. 1846

A BILL TO BE ENTITLED

AN ACT

relating to funding for, and benefits provided under, the Teacher Retirement System of Texas.

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

SECTION 1. Section 825.308, Government Code, is amended to read as follows:

Sec. 825.308. STATE CONTRIBUTION ACCOUNT. The retirement system shall deposit in the state contribution account:

(1) all state contributions to the retirement system required by Section 825.404;

(2) amounts from the interest account as provided by Section 825.313(b)(2);

(3) retirement annuities waived or forfeited in accordance with Section 824.601 or 824.004;

(4) fees collected under Section 825.403(h);

(5) fees and interest for reinstatement of service credit or establishment of membership service credit as provided by Section 823.501;

(6) the portion of a deposit required by Section 823.302 to establish military service credit that represents a fee;

~~and~~

(7) contributions collected by employers from federal or private sources under Section 825.406;

(8) contributions collected by a general academic

1 teaching institution or a medical and dental unit under Section
2 825.407; and

3 (9) employer contributions required under Section
4 825.4092.

5 SECTION 2. Section 825.402, Government Code, is amended to
6 read as follows:

7 Sec. 825.402. RATE OF MEMBER CONTRIBUTIONS. The rate of
8 contributions for each member of the retirement system is:

9 (1) five percent of the member's annual compensation
10 or \$180, whichever is less, for service rendered after August 31,
11 1937, and before September 1, 1957;

12 (2) six percent of the first \$8,400 of the member's
13 annual compensation for service rendered after August 31, 1957, and
14 before September 1, 1969;

15 (3) six percent of the member's annual compensation
16 for service rendered after August 31, 1969, and before the first day
17 of the 1977-78 school year;

18 (4) 6.65 percent of the member's annual compensation
19 for service rendered after the last day of the period described by
20 Subdivision (3) and before September 1, 1985; and

21 (5) 6.58 [~~6.4~~] percent of the member's annual
22 compensation for service rendered after August 31, 1985.

23 SECTION 3. Subsection (a), Section 825.404, Government
24 Code, is amended to read as follows:

25 (a) During each fiscal year, the state shall contribute to
26 the retirement system an amount equal to at least six and not more
27 than 10 percent of the aggregate annual compensation of all members

1 of the retirement system during that fiscal year. The amount of the
2 state contribution made under this section may not be less than the
3 amount contributed by members during that fiscal year in accordance
4 with Section 825.402.

5 SECTION 4. Subsection (b), Section 825.406, Government
6 Code, is amended to read as follows:

7 (b) When an employer receives money for state contributions
8 from an application made in accordance with Subsection (a), the
9 employer shall immediately send the money to the retirement system
10 for deposit in the state contribution account [~~general revenue fund~~
11 ~~of the state treasury~~].

12 SECTION 5. Subsection (g), Section 825.407, Government
13 Code, is amended to read as follows:

14 (g) The retirement system shall deposit [~~submit~~] all money
15 it receives under this section in the state contribution account
16 [~~to the comptroller of public accounts for deposit in the general~~
17 ~~revenue fund~~].

18 SECTION 6. Subsection (e), Section 825.4092, Government
19 Code, is amended to read as follows:

20 (e) The amounts required to be paid under Subsections (b)
21 and (c) are not required to be paid by a reporting employer for a
22 retiree who retired from [~~was reported under~~] the retirement system
23 [~~rules in effect for the report month of January 2005 by:~~

24 [~~(1) that reporting employer, or~~

25 [~~(2) another employer, if both employers are school~~
26 ~~districts that consolidated into a consolidated school district on~~
27 ~~or~~] before September 1, 2005.

1 SECTION 7. Subsection (b), Section 1575.204, Insurance
2 Code, is amended to read as follows:

3 (b) Each state fiscal year, each employer who reports to the
4 retirement system under Section 824.6022, Government Code, the
5 employment of a retiree who is enrolled in the group program shall
6 contribute to the fund the difference, if any, between the
7 contribution amount that the reported retiree is required to pay
8 for the retiree and any enrolled dependents to participate in the
9 group program and the full cost of the retiree's and enrolled
10 dependents' participation in the group program, as determined by
11 the trustee. The amounts required to be paid under this subsection
12 are not required to be paid by a reporting employer for a retiree
13 who retired from the ~~[was reported by that employer under]~~
14 retirement system before September 1, ~~[rules in effect for the~~
15 ~~report month of January]~~ 2005.

16 SECTION 8. Section 1575.252, Insurance Code, is amended to
17 read as follows:

18 Sec. 1575.252. APPLICATION BY EMPLOYER FOR MONEY TO PAY
19 STATE CONTRIBUTIONS. An employer who applies for money provided by
20 the United States or a privately sponsored source shall:

21 (1) if any of the money will pay part or all of an
22 active employee's salary, also apply for any legally available
23 money to pay state contributions required by Subchapter E; and

24 (2) immediately send any money received for state
25 contributions as a result of the application to the trustee for
26 deposit in the ~~[general revenue]~~ fund.

27 SECTION 9. (a) The Teacher Retirement System of Texas shall

1 make a one-time supplemental payment of a retirement or death
2 benefit, as provided by this section.

3 (b) The supplemental payment is payable not later than
4 September of 2007 and, to the extent practicable, on a date or dates
5 that coincide with the regular annuity payment payable to each
6 eligible annuitant.

7 (c) The amount of the supplemental payment is equal to the
8 lesser of:

9 (1) the gross amount of the regular annuity payment to
10 which the eligible annuitant is otherwise entitled for the month of
11 August 2007; or

12 (2) \$2,400.

13 (d) The supplemental payment is payable without regard to
14 any forfeiture of benefits under Section 824.601, Government Code.
15 The Teacher Retirement System of Texas shall make applicable tax
16 withholding and other legally required deductions before
17 disbursing the supplemental payment. A supplemental payment under
18 this section is in addition to and not in lieu of the regular
19 monthly annuity payment to which the eligible annuitant is
20 otherwise entitled.

21 (e) Subject to Subsection (f) of this section, to be
22 eligible for the supplemental payment, a person must be, for the
23 month of August 2007, and disregarding any forfeiture of benefits
24 under Section 824.601, Government Code, an annuitant eligible to
25 receive:

26 (1) a standard retirement annuity payment;

27 (2) an optional retirement annuity payment as either a

1 retiree or beneficiary;

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

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

6 (5) an alternate payee annuity payment under Section
7 804.005, Government Code.

8 (f) If the annuitant is a retiree or a beneficiary under an
9 optional retirement payment plan, to be eligible for the
10 supplemental payment, the effective date of the retirement of the
11 member of the Teacher Retirement System of Texas must have been on
12 or before December 31, 2006. If the annuitant is a beneficiary
13 under Section 824.402(a)(3) or (4), Government Code, to be eligible
14 for the supplemental payment, the date of death of the member of the
15 retirement system must have been on or before December 31, 2006.
16 The supplemental payment shall be made to an alternate payee who is
17 an annuitant under Section 804.005, Government Code, only if the
18 annuity payment to the alternate payee commenced on or before
19 December 31, 2006. The supplemental payment is in addition to the
20 guaranteed number of payments under Section 824.402(a)(3),
21 824.204(c)(3) or (4), or Section 824.308(c)(3) or (4), Government
22 Code, and may not be counted as one of the guaranteed monthly
23 payments.

24 (g) The supplemental payment does not apply to payments
25 under:

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

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

4 (3) Section 824.501(a), Government Code, relating to
5 retiree survivor beneficiaries who receive a survivor annuity in an
6 amount fixed by statute; or

7 (4) Section 824.404(a), Government Code, relating to
8 active member survivor beneficiaries who receive a survivor annuity
9 in an amount fixed by statute.

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

14 SECTION 10. Section 825.404(a), Government Code, as amended
15 by this Act, applies beginning with the fiscal year that begins
16 September 1, 2007.

17 SECTION 11. Section 825.4092, Government Code, as amended
18 by this Act, applies only to an employer contribution required to be
19 made under that section on or after September 1, 2007. An employer
20 contribution required to be made before September 1, 2007, is
21 governed by the law as it existed at the time the contribution was
22 required to be made, and that law is continued in effect for that
23 purpose.

24 SECTION 12. This Act takes effect September 1, 2007.