By: Seliger

S.B. No. 1358

A BILL TO BE ENTITLED

1 AN ACT

2 relating to optional annuity increases for certain retirees and

3 beneficiaries of the Texas Municipal Retirement System.

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

5 SECTION 1. Section 853.404(c), Government Code, is amended

6 to read as follows:

7 (c) The governing body of a participating municipality that

8 adopts an ordinance under Section 854.203 providing for increased

9 annuities effective January 1 of a designated year may further

10 provide in the ordinance that increases in annuities will be

11 credited effective January 1 of each year following the designated

12 year based on recomputations made as provided by Section 854.203(b)

13 [854.203(b)(1)] for each year following the initial computation,

14 and using the fraction specified in the ordinance as required under

15 Section 854.203(b) [854.203(b)(2)] in the recomputations.

16 SECTION 2. Section 854.203, Government Code, is amended by

17 amending Subsections (b) and (f) and adding Subsection (b-1) to

18 read as follows:

19 (b) The amount of annuity increase under this section is

20 computed by one of the following methods:

21 (1) as the sum of the prior and current service

22 annuities on the effective date of retirement of the person on whose

23 service the annuities are based, multiplied by:

24 (A) [(1)] the percentage change in the Consumer

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1 Price Index for All Urban Consumers, published by the Bureau of

2 Labor Statistics of the United States Department of Labor, from

3 December of the year immediately preceding the effective date of

4 the person's retirement to the December that is 13 months before the

5 effective date of the ordinance providing the increase; and

6   (B) [(2)] 30 percent, 50 percent, or 70 percent,

7 as specified by the governing body in the ordinance, except that if

8 the governing body has specified a different percentage in an

9 ordinance adopted under Section 853.404(c) and in effect on

10 December 31, 1999, the percentage used in computing annuity

11 increases for retirees of that municipality remains in effect until

12 changed or discontinued under Section 853.404; or

13   (2) as the sum of the prior and current service

14 annuities on the effective date of retirement of the person on whose

15 service the annuities are based, plus any previously granted

16 annuity increases under this subdivision, multiplied by:

17   (A) the percentage change in the Consumer Price

18 Index for All Urban Consumers, published by the Bureau of Labor

19 Statistics of the United States Department of Labor, for the

20 12-month period, from December to December, ending in the December

21 that is 13 months before the effective date of the ordinance

22 providing for the increase; and

23   (B) 30 percent, 50 percent, or 70 percent, as

24 specified by the governing body in the ordinance.

25   (b-1) An annuity is not eligible to have an increase

26 computed under the method described by Subsection (b)(2) if the

27 person on whose service the annuity is based retired after the

1 December that is 13 months before the effective date of the annuity

2 increase.

3   (f) An increase granted to an annuitant under Subsection

4 (b)(2), or the [The] amount by which an increase under Subsection

5 (b)(1) [this section] exceeds all previously granted increases to

6 an annuitant is payable as a prior service annuity, is an obligation

7 of the municipality's account in the municipality accumulation

8 fund, and is subject to reduction under Section 855.308(f).

9   SECTION 3. This Act takes effect immediately if it receives

10 a vote of two-thirds of all the members elected to each house, as

11 provided by Section 39, Article III, Texas Constitution. If this

12 Act does not receive the vote necessary for immediate effect, this

13 Act takes effect September 1, 2009.