

BILL ANALYSIS

C.S.H.B. 159
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Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties observe that, currently, an individual who retires from a municipality and receives retirement benefits from the Texas Municipal Retirement System (TMRS) will continue to receive TMRS retirement benefits while working anywhere else, including another municipality, as long as the individual is not reemployed by the municipality from which the individual retired. But, if this individual resumes employment at the municipality from which the individual retired, TMRS will suspend the individual's benefits to prevent "double dipping." Finally, these parties observe that after this individual re-retires from the municipality, he or she will have lost the retirement benefits he or she would have received during the time the benefits were suspended.

C.S.H.B. 159 seeks to address this loss of benefits by allowing an individual who retired based on a bona fide termination of employment and who resumes employment with the individual's previous employer to receive, in a lump-sum payment, the benefits the individual would have received had the benefits not been suspended during the period of reemployment.

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

C.S.H.B. 159 amends the Government Code, in a provision requiring the Texas Municipal Retirement System (TMRS) to discontinue and suspend annuity payments to a TMRS retiree who resumes employment with the retiree's previous employer and prohibiting TMRS from making such annuity payments for any month during which the member remains employed by that same municipality, to create an exception to that loss of benefits. The bill requires such a person to receive a lump-sum payment from TMRS in an amount equal to the sum of the service retirement annuity payments the person would have received had those payments not been discontinued and suspended if the person initially retired based on a bona fide termination of employment and resumed employment with the person's reemploying municipality at least eight years after the effective date of the person's retirement.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 159 omits provisions included in the original revising one of the two additional service retirement benefit options provided by the Texas Municipal Retirement System (TMRS) allowable to a person who resumes employment with a municipality for which the person was performing creditable service at the time of the person's retirement, increasing the optional basic

annuity under the conditions and in the amount determined by the bill's provisions.

C.S.H.B. 159 contains a provision not included in the original requiring such a person to receive a lump-sum payment from TMRS in an amount equal to the sum of the service retirement annuity payments the person would have received had those payment not been suspended because of the person's reemployment with the person's previous employer if the person initially retired based on a bona fide termination of employment and resumed employment with the person's reemploying municipality at least eight years after the effective date of the person's retirement. The bill contains provisions not included in the original that clarify how the date of termination is determined under the transitional provisions of the bill.