

## **BILL ANALYSIS**

C.S.S.B. 812  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Currently, a person who retires from a municipality participating in the Texas Municipal Retirement System (TMRS) and then is rehired by the same municipality faces a suspension of retirement benefits. The law prohibits TMRS from making any annuity payments, after the suspension, for a month during which the person remains an employee of the reemploying municipality. However, if a person retires from one municipality and then is rehired by a different municipality, that person does not face a suspension of pension payments.

C.S.S.B. 812 seeks to address the growing concern of municipal employees who wish to return to work within the same municipality after retirement by allowing retired municipal employees to return to work within the same municipality without losing certain vested pension payments during 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.S.B. 812 amends the Government Code to require a member of the Texas Municipal Retirement System (TMRS) whose service retirement annuity payments were suspended because the person resumed employment with the municipality for which the person was performing creditable service at the time of the initial retirement and who subsequently terminates employment with that reemploying municipality and files an application for resumption of retirement with the TMRS board of trustees to receive a lump-sum payment in an amount equal to the sum of the service retirement annuity payments the person would have received had those annuity 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.

C.S.S.B. 812 makes its provisions applicable only to a TMRS member who terminates employment with the person's reemploying municipality and files an application for resumption of retirement with the TMRS board of trustees on or after the bill's effective date.

### **EFFECTIVE DATE**

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

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.S.B. 812 differs from the original by requiring a member of the Texas Municipal Retirement System (TMRS) who terminates employment with the reemploying municipality and files an application to resume retirement to receive a lump-sum payment equal to the sum of the 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 reemploying municipality at least eight years after the effective date of the person's retirement, whereas the original entitles a person who has retired with a service retirement benefit from TMRS and who later becomes an employee of the reemploying municipality after a bona fide termination of employment of at least 12 months and has filed an application to resume retirement to receive a lump-sum payment equal to the sum of the suspended annuity payments that the person would have received had payments not been suspended.

C.S.S.B. 812 omits a provision included in the original making the lump-sum payment payable from the municipality accumulation fund and the current service annuity reserve fund as appropriate.

C.S.S.B. 812 differs from the original by making its provisions applicable only to a TMRS member who terminates employment with the person's reemploying municipality and files an application for resumption of retirement with the TMRS board of trustees on or after the bill's effective date, whereas the original makes its provisions applicable to a person who resumes employment on or after the bill's effective date with the same municipality the person was employed by before retiring from service and to a person who resumed employment before the bill's effective date with the same municipality the person was employed by before retiring from service and who is in that employment on that date. The substitute omits a provision included in the original entitling a person who resumed employment before the bill's effective date and is in that employment on that date to payment of an amount equal to the sum of suspended annuity payments attributable to the period of the person's reemployment occurring on or after the bill's effective date.

C.S.S.B. 812 omits a provision included in the original making the bill's provisions inapplicable to a person who retired because the department in the municipality in which the person worked was privatized and who later resumes employment in the same department or a successor department in the person's reemploying municipality.

C.S.S.B. 812 differs from the original by providing for immediate effect of the bill's provisions or, if the bill does not receive the necessary vote for immediate effect, providing for an effective date of September 1, 2011, whereas the original makes its provisions effective January 1, 2012.