

AN ACT

relating to the administration of retirement systems for paid,
partly paid, or volunteer firefighters.

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

SECTION 1. Subsections (a) and (b), Section 19, Texas Local
Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil
Statutes), are amended to read as follows:

(a) In each municipality and other political subdivision to
which this Act applies and that has a fire department that does not
consist exclusively of volunteers, the fire fighters' retirement
system is governed by a board of trustees consisting of:

(1) in a municipality, the mayor [of the municipality]
or the mayor's designated representative; in an emergency services
district, the president of the board of emergency services
commissioners; or in another political subdivision, the chief
operating officer [of the political subdivision] or the chief
operating officer's designated representative, as applicable;

(2) the chief financial officer of the municipality or
other political subdivision or, if there is no officer denominated
as chief financial officer, the person who performs the duties of
chief financial officer or a person designated by the chief
financial officer or by the person performing the duties of chief
financial officer;

(3) three members of the retirement system elected by

1 participating members as provided by Subsection (b) of this
2 section; and

3 (4) two persons who reside in this state [~~in the~~
4 ~~municipality or other political subdivision or within the~~
5 ~~extraterritorial jurisdiction of the municipality~~], who are not
6 officers or employees of the municipality or other political
7 subdivision, and who are elected by a majority vote of the members
8 of the board of trustees determined as provided by Subdivisions
9 (1), (2), and (3) of this subsection.

10 (b) During each period that begins on December 1 of one year
11 and ends on January 31 of the following year, the participating
12 members of a fire fighters' retirement system in a municipality or
13 other political subdivision subject to this section shall elect by
14 secret ballot and certify to the governing body of the municipality
15 or other political subdivision a member to the board of trustees to
16 serve a term of three years. To be elected a member of a board of
17 trustees under this subsection, a person must be a participating
18 member of the retirement system and receive a majority of the votes
19 cast in the election, and at least 50 percent of all participating
20 members of the retirement system must vote in the election.
21 Provided, however, that if only a single person is nominated for the
22 board of trustees position being filled, that person may be elected
23 by acclamation by those participating members present for the
24 election meeting, without the necessity of a secret ballot.

25 SECTION 2. Subsection (b), Section 25, Texas Local Fire
26 Fighters Retirement Act (Article 6243e, Vernon's Texas Civil
27 Statutes), is amended to read as follows:

(b) The annual amount of payments from a fund under this section, excluding legal and medical fees, may not exceed:

(1) 1 percent of the market ~~[book]~~ value of the assets of the fund for the first \$1 million in market ~~[book]~~ value; and

(2) 1/4 of 1 percent of the market ~~[book]~~ value of the assets of the fund that exceeds \$1 million.

SECTION 3. Subsections (b) and (c), Section 30, Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes), are amended to read as follows:

(b) Contributions picked up as provided by this section shall be treated as employer contributions in determining tax treatment of the amounts under the Internal Revenue Code of 1986. ~~[Each municipality or other political subdivision picking up contributions shall continue, however, to compute federal income tax withholding as if these contributions were employee wages until the first payroll period that begins after the date the fire fighters' pension commissioner files with the secretary of state a notice stating that the United States Internal Revenue Service has determined or a federal court has ruled that under Section 414(h), Internal Revenue Code of 1986 (26 U.S.C. Section 414(h)), the contributions are not includable in the gross income of a member until they are distributed or made available.]~~ Employee contributions picked up as provided by this section shall be deposited to the credit of the individual account of each affected member and shall be treated for all other purposes of this Act as if the contributions had been deducted from the compensation of members. Picked up contributions are not includable in a

1 computation of contribution rates of the municipality or other
2 political subdivision.

3 (c) A pick up of employee contributions takes effect in a
4 municipality or other political subdivision on January 1 of the
5 year following the year in which:

6 (1) the governing body of the municipality or other
7 political subdivision by ordinance has adopted the pick up; and

8 (2) the pick up has been approved by majority vote of
9 the participating members of the retirement system at an election
10 by secret ballot at which at least 50 percent of the participating
11 members vote[, ~~and~~

12 [~~(3) the fire fighters' pension commissioner has filed~~
13 ~~with the secretary of state a notice stating that the United States~~
14 ~~Internal Revenue Service has issued a determination that the plan~~
15 ~~covering employees of the municipality or other political~~
16 ~~subdivision is a qualified retirement plan under Section 401(a),~~
17 ~~Internal Revenue Code of 1986 (26 U.S.C. Section 401(a)), and that~~
18 ~~its related trust is tax exempt under Section 501(a) of that code~~
19 ~~(26 U.S.C. Section 501(a))].~~

20 SECTION 4. Subsection (e), Section 19, Texas Local Fire
21 Fighters Retirement Act (Article 6243e, Vernon's Texas Civil
22 Statutes), is repealed.

23 SECTION 5. This Act takes effect immediately if it receives
24 a vote of two-thirds of all the members elected to each house, as
25 provided by Section 39, Article III, Texas Constitution. If this
26 Act does not receive the vote necessary for immediate effect, this
27 Act takes effect September 1, 2013.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1413 passed the Senate on May 3, 2013, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1413 passed the House on May 22, 2013, by the following vote: Yeas 148, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor