

BILL ANALYSIS

Senate Research Center
84R8831 SGA-F

H.B. 1756
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State Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Austin Firefighters Relief and Retirement Fund provides retirement, disability, and death benefits to its members and beneficiaries.

H.B. 1756 seeks to address administrative issues and makes necessary technical changes to the fund's governing statute, Article 6243e.1, Vernon's Texas Civil Statutes.

H.B. 1756 amends current law relating to the board of trustees of and distribution of certain benefits by a retirement system for firefighters in certain municipalities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the board of trustees of a firefighters relief and retirement fund in SECTION 2 (Section 7.09, Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's Texas Civil Statutes)) and SECTION 3 (Section 8.05, Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's Texas Civil Statutes)) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2.03(b), Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, V.T.C.S.), as follows:

(b) Authorizes the board of trustees of the Austin Firefighters Relief and Retirement Fund (board of trustees) if only one firefighter or retiree is nominated for a position under Subsection (c) (providing that each election is by secret written ballot on a date the board of trustees determines) of this section, instead of holding an election, to appoint the sole nominated candidate at the first board meeting in January. Requires the board of trustees to adopt procedures for the appointment of a sole nominated candidate under this subsection. Provides that a board member appointed under this subsection is considered elected for purposes of this Act.

SECTION 2. Amends Section 7.09, Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, V.T.C.S.), by adding Subsection (d), as follows:

(d) Authorizes the board of trustees to adopt rules to establish procedures for and requirements governing a member's designation of a beneficiary under this section.

SECTION 3. Amends Section 8.05, Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, V.T.C.S.), by adding Subsection (d), as follows:

(d) Authorizes the board of trustees to adopt rules that modify the availability of distributions under Subsection (a) of this section, provided that the modifications do not:

(1) impair the distribution rights under that subsection; or

(2) cause distributions to occur later than required under Section 401(a)(9), Internal Revenue Code of 1986.

SECTION 4. Amends Sections 8.07(b), (c), and (d), Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, V.T.C.S.), as follows:

(b) Requires that distributions to the designated beneficiary to begin not more than one year after the date of the member's death and be made either as a single-payment distribution of the member's DROP account balance or in not more than four equal annual installments over a period of not more than 37 months if a member who participates in the DROP dies before distribution of the member's entire DROP account, rather than if a member who participates in the DROP dies while in active service or if the member has not filed an election with the board of trustees as described by Subsection (c) of this section.

(c) Redesignates existing Subsection (d) as Subsection (c). Makes no further changes to this subsection.

Deletes existing text requiring that the balance of the member's DROP account be distributed to the designated beneficiary in the manner that the member selected if a member who participates in the DROP dies after terminating active service and has filed an election with the board of trustees to be paid in not more than four equal annual installments over a period of not more than 37 months.

SECTION 5. Amends Section 9.04(a-2), Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, V.T.C.S.), as follows:

(a-2) Provides that the collective adjustment amount described by Subsection (a-1) of this section:

(1) is an amount equal to the actuarial value, as determined by the board's actuary based on the interest and mortality assumptions adopted by the board of trustees for the most recent actuarial valuation of the fund, of the percentage increase in the Consumer Price Index for All Urban Consumers as determined by the United States Department of Labor for the applicable determination period ending in a calendar month that precedes by not more than four months the month in which the cost-of-living adjustment is to take effect, rather than for the applicable determinations immediately preceding the date the cost of living adjustment is to take effect, multiplied by the total amount of benefits payable in the month immediately preceding the date an adjustment is to take effect to persons who are eligible to receive an adjustment under this section; and

(2) Makes no change to this subdivision.

SECTION 6. Requires the board of trustees of a retirement system subject to this Act to adopt procedures required under Section 2.03(b), Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, V.T.C.S.), as amended by this Act, before a sole nominated candidate may be appointed to the board of trustees.

SECTION 7. Effective date: September 1, 2015.