

AN ACT

relating to the board of trustees of and distribution of certain benefits by a retirement system for firefighters in certain municipalities.

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

SECTION 1. Section 2.03(b), Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) Between November 1 of each year and the first Monday in January of the following year, the board of trustees shall hold an election to elect one member of the board of trustees. If only one firefighter or retiree is nominated for a position under Subsection (c) of this section, instead of holding an election, the board of trustees may appoint the sole nominated candidate at the first board meeting in January. The board shall adopt procedures for the appointment of a sole nominated candidate under this subsection. A board member appointed under this subsection is considered elected for purposes of this Act.

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), is amended by adding Subsection (d) to read as follows:

(d) The board of trustees may adopt rules to establish procedures for and requirements governing a member's designation of

1 a beneficiary under this section.

2 SECTION 3. Section 8.05, Chapter 183 (S.B. 598), Acts of the  
3 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
4 Texas Civil Statutes), is amended by adding Subsection (d) to read  
5 as follows:

6 (d) The board of trustees may adopt rules that modify the  
7 availability of distributions under Subsection (a) of this section,  
8 provided that the modifications do not:

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

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

13 SECTION 4. Sections 8.07(b), (c), and (d), Chapter 183  
14 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975  
15 (Article 6243e.1, Vernon's Texas Civil Statutes), are amended to  
16 read as follows:

17 (b) If a member who participates in the DROP dies before  
18 distribution of the member's entire DROP account [~~while in active~~  
19 ~~service or if the member has not filed an election with the board of~~  
20 ~~trustees as described by Subsection (c) of this section~~],  
21 distributions to the designated beneficiary will begin not more  
22 than one year after the date of the member's death and shall be made  
23 either as a single-payment distribution of the member's DROP  
24 account balance or in not more than four equal annual installments  
25 over a period of not more than 37 months.

26 (c) [~~If a member who participates in the DROP dies after~~  
27 ~~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, the balance of the member's DROP account shall be distributed to the designated beneficiary in the manner that the member selected.~~

[(a)] If the member has not designated a beneficiary to receive distributions from the member's DROP account or if the person so designated does not survive the member by at least 72 hours, the member's DROP account shall be distributed in a single-sum payment as soon as administratively possible after the member's death to any surviving spouse who survives the member by at least 72 hours, if any, or to the member's estate if there is no surviving spouse.

SECTION 5. Section 9.04(a-2), Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article [6243e.1](#), Vernon's Texas Civil Statutes), is amended to read as follows:

(a-2) 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 ~~[immediately preceding the date]~~ the cost-of-living adjustment is to take effect, multiplied by the total amount of benefits payable in the month

1 immediately preceding the date an adjustment is to take effect to  
2 persons who are eligible to receive an adjustment under this  
3 section; and

4 (2) if applicable:

5 (A) is reduced by an amount that the board's  
6 actuary determines is necessary to maintain the financial stability  
7 of the fund; or

8 (B) is increased in accordance with Subsection  
9 (b) of this section.

10 SECTION 6. The board of trustees of a retirement system  
11 subject to this Act shall adopt procedures required under Section  
12 2.03(b), Chapter 183 (S.B. 598), Acts of the 64th Legislature,  
13 Regular Session, 1975 (Article [6243e.1](#), Vernon's Texas Civil  
14 Statutes), as amended by this Act, before a sole nominated  
15 candidate may be appointed to the board of trustees.

16 SECTION 7. This Act takes effect September 1, 2015.

H.B. No. 1756

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President of the Senate

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Speaker of the House

I certify that H.B. No. 1756 was passed by the House on April 16, 2015, by the following vote: Yeas 146, Nays 0, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 1756 was passed by the Senate on May 15, 2015, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor