

By: Turner of Harris, Hernandez, Walle

H.B. No. 2572

Substitute the following for H.B. No. 2572:

By: Alonzo

C.S.H.B. No. 2572

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the firefighters' relief and retirement fund in certain
3 municipalities.

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

5 SECTION 1. Section 1, Article 6243e.2(1), Revised Statutes,
6 is amended by adding Subdivision (16-a) to read as follows:

7 (16-a) "Unused leave pay" means the accrued value of
8 unused leave time payable to an employee after separation from
9 service in accordance with applicable law and agreements.

10 SECTION 2. Section 5, Article 6243e.2(1), Revised Statutes,
11 is amended by amending Subsection (b) and adding Subsection (b-1)
12 to read as follows:

13 (b) A member may elect to participate in the DROP by
14 complying with the election process established by the board. The
15 member's election may be made at any time beginning on the date the
16 member has completed 20 years of participation in the fund and is
17 otherwise eligible for a service pension under Section 4 of this
18 article. The election becomes effective on the first day of the
19 month following the month in which the board approves the member's
20 DROP election. Beginning on the effective date of the member's DROP
21 election, amounts equal to the deductions made from the member's
22 salary under Section 13(c) or 13(e-1) of this article, as
23 applicable, shall be credited to the member's DROP account. A
24 member may not participate in the DROP for more than 10 years. If a

1 DROP participant remains in active service after the 10th
2 anniversary of the effective date of the member's DROP election,
3 subsequent deductions from the member's salary under Section 13(c)
4 of this article, except for unused leave pay, may not be credited to
5 the member's DROP account and may not otherwise increase any
6 benefit payable from the fund for the member's service.

7 (b-1) For an employee who is a DROP participant and in
8 accordance with Section 13(c) of this article, the fund shall
9 credit to the employee's DROP account the amount of unused leave pay
10 that is due to the employee and received as a contribution to the
11 fund from the municipality.

12 SECTION 3. Section 13, Article 6243e.2(1), Revised
13 Statutes, is amended by amending Subsections (c) and (d) and adding
14 Subsections (e-1) and (e-2) to read as follows:

15 (c) Each member in active service shall make contributions
16 to the fund in an amount equal to nine [~~8.35~~] percent of the
17 member's salary at the time of the contribution[~~, and as of July 1,~~
18 ~~2004, in an amount equal to nine percent of the member's salary at~~
19 ~~the time of the contribution~~]. In addition to contributing the
20 percentage of salary required by this subsection, each DROP
21 participant, as identified by the fund to the municipality for
22 purposes of this section, shall contribute to the fund an amount
23 equal to 100 percent of the DROP participant's unused leave pay as
24 it becomes payable to the employee. The fund shall credit any
25 unused leave pay amount contributed by a DROP participant to the
26 participant's DROP account. The governing body of the municipality
27 shall deduct each member's [~~the~~] contributions [~~from the member's~~

1 ~~salary]~~ and shall forward the contributions to the fund as soon as
2 practicable.

3 (d) The municipality shall make contributions to the fund
4 once every two weeks in an amount equal to the product of the
5 contribution rate certified by the board and the aggregate salaries
6 paid to members of the fund during the period for which the
7 contribution is made. The board shall certify the municipality's
8 contribution rate for each year or portion of a year based on the
9 results of actuarial valuations made at least every three years.
10 The municipality's contribution rate shall be composed of the
11 normal cost plus the level percentage of salary payment required to
12 amortize the unfunded actuarial liability over a constant period of
13 30 years computed on the basis of an acceptable actuarial reserve
14 funding method approved by the board. Notwithstanding any other
15 provision of this article, the contributions by the municipality,
16 when added to any contributions with respect to a qualified
17 governmental excess benefit arrangement maintained in accordance
18 with Section 14(c) of this article, may not be less than twice the
19 amount paid into the fund by contributions of the members, not
20 including member contributions of unused leave pay.

21 (e-1) Except as provided by Subsection (e-2) of this section
22 and notwithstanding contribution provisions under Subsection (c)
23 or (d) of this section or Section 3(d) of this article, and not
24 including any contributions of unused leave pay, the employee and
25 employer contribution rates that are in effect for the fund's
26 fiscal years 2016, 2017, and 2018 are as follows:

<u>Fiscal Year</u>	<u>Employee (% of salary)</u>	<u>Employer (% of payroll)</u>
<u>2016</u>	<u>12%</u>	<u>25.8%</u>
<u>2017</u>	<u>12%</u>	<u>24%</u>
<u>2018</u>	<u>12%</u>	<u>24%</u>

5 (e-2) If the effective date of the Act enacting Subsection
6 (e-1) of this section is on or before July 1, 2015, the employee and
7 employer contribution percentages under Subsection (e-1) for
8 fiscal year 2016 apply only to contributions made on or after the
9 first day of that fiscal year. If the effective date of the Act
10 enacting Subsection (e-1) of this section is later than July 1,
11 2015, the employee and employer contribution percentages under that
12 subsection for fiscal year 2016 apply only to contributions made on
13 or after the effective date of the Act. Subsection (e-1) of this
14 section and this subsection expire July 1, 2018.

15 SECTION 4. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If the Act
18 does not receive the vote necessary for immediate effect, this Act
19 takes effect September 1, 2015.