

By: Paul, Flynn, Bonnen of Brazoria

H.B. No. 3310

Substitute the following for H.B. No. 3310:

By: Stephenson

C.S.H.B. No. 3310

A BILL TO BE ENTITLED

AN ACT

relating to the funding policies, actuarial valuations, and reporting requirements of certain public retirement systems.

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

SECTION 1. Section 801.209(a), Government Code, is amended to read as follows:

(a) For each public retirement system, the board shall post on the board's Internet website, or on a publicly available website that is linked to the board's website, the most recent data from reports received under Sections 802.101, 802.103, 802.104, 802.105, ~~and~~ 802.108, and 802.2015.

SECTION 2. Section 802.101(a), Government Code, is amended to read as follows:

(a) The governing body of a public retirement system shall employ an actuary, as a full-time or part-time employee or as a consultant, to make a valuation at least once every three years of the assets and liabilities of the system on the basis of assumptions and methods that are reasonable in the aggregate, considering the experience of the program and reasonable expectations, and that, in combination, offer the actuary's best estimate of anticipated experience under the program. The valuation must include a recommended contribution rate needed for the system to achieve and maintain an amortization period that does not exceed 30 years.

SECTION 3. Section 802.1014, Government Code, is amended by

1 adding Subsection (b-1) to read as follows:

2 (b-1) Except as provided by Subsection (c), a public
3 retirement system that has assets of at least \$100 million shall
4 conduct once every five years an actuarial experience study and
5 shall submit to the board a copy of the actuarial experience study
6 before the 31st day after the date of the study's adoption.

7 SECTION 4. Subchapter C, Chapter 802, Government Code, is
8 amended by adding Section 802.2015 to read as follows:

9 Sec. 802.2015. FUNDING SOUNDNESS RESTORATION PLAN. (a) In
10 this section, "governmental entity" has the meaning assigned by
11 Section 802.1012.

12 (b) A public retirement system shall notify the associated
13 governmental entity in writing if the retirement system receives an
14 actuarial valuation indicating that the system's actual
15 contributions are not sufficient to amortize the unfunded actuarial
16 accrued liability within 40 years. If a public retirement system's
17 actuarial valuation shows that the system's amortization period has
18 exceeded 40 years for three consecutive annual actuarial
19 valuations, or two consecutive actuarial valuations in the case of
20 a system that conducts the valuations every two or three years, the
21 governing body of the public retirement system and the associated
22 governmental entity shall formulate a funding soundness
23 restoration plan under Subsection (d) in accordance with the
24 system's governing statute.

25 (c) The governing body of a public retirement system and the
26 associated governmental entity that have formulated a funding
27 soundness restoration plan under Subsection (d) shall formulate a

1 revised funding soundness restoration plan under that subsection,
2 in accordance with the system's governing statute, if the system
3 conducts an actuarial valuation showing that:

4 (1) the system's amortization period exceeds 40 years;

5 and

6 (2) the previously formulated funding soundness
7 restoration plan has not been adhered to.

8 (d) A funding soundness restoration plan formulated under
9 this section must:

10 (1) be developed by the public retirement system and
11 the associated governmental entity in accordance with the system's
12 governing statute; and

13 (2) be designed to achieve a contribution rate that
14 will be sufficient to amortize the unfunded actuarial accrued
15 liability within 40 years not later than the 10th anniversary of the
16 date on which the final version of a funding soundness restoration
17 plan is agreed to.

18 (e) A public retirement system and the associated
19 governmental entity that formulate a funding soundness restoration
20 plan shall report any updates of progress made by the entities
21 toward improved actuarial soundness to the board every two years.

22 (f) Each public retirement system that formulates a funding
23 soundness restoration plan as provided by this section shall submit
24 a copy of that plan to the board and any change to the plan not later
25 than the 31st day after the date on which the plan or the change is
26 agreed to.

27 SECTION 5. A public retirement system subject to Section

1 802.2015, Government Code, as added by this Act, shall formulate a
2 funding soundness restoration plan, if required to do so under that
3 section, based on the most recent actuarial valuation study
4 conducted under Section 802.101, Government Code, as amended by
5 this Act, not later than November 1, 2016. The first actuarial
6 valuation study that is conducted for or by a public retirement
7 system on or after the effective date of this Act must include a
8 recommended contribution rate.

9 SECTION 6. (a) Except as provided by Subsection (b) of this
10 section, a public retirement system subject to Section
11 802.1014(b-1), Government Code, as added by this Act, shall conduct
12 the first actuarial experience study required by Section
13 802.1014(b-1), Government Code, as added by this Act, not later
14 than September 1, 2016.

15 (b) A public retirement system subject to Section
16 802.1014(b-1), Government Code, as added by this Act, that
17 conducted an actuarial experience study after August 31, 2011, and
18 on or before the effective date of this Act, shall conduct the first
19 actuarial experience study required by Section 802.1014(b-1),
20 Government Code, as added by this Act, not later than the fifth
21 anniversary of the date of that preceding study.

22 SECTION 7. This Act takes effect immediately if it receives
23 a vote of two-thirds of all the members elected to each house, as
24 provided by Section 39, Article III, Texas Constitution. If this
25 Act does not receive the vote necessary for immediate effect, this
26 Act takes effect September 1, 2015.