

By: Bettencourt

S.B. No. 1994

A BILL TO BE ENTITLED

AN ACT

relating to municipal control of certain public retirement systems established for the benefit of municipal employees.

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

SECTION 1. Chapter 810, Government Code, is amended by adding Section 810.002 to read as follows:

Sec. 810.002. MUNICIPAL CONTROL OF RETIREMENT SYSTEM PROVISIONS. (a) In this section, "public retirement system" has the meaning assigned by Section 802.001.

(b) Except as provided by Sections 66 and 67, Article XVI, Texas Constitution, and notwithstanding any other law, a municipality that is the sponsoring authority of a public retirement system that was created under a state statute, but is not a part of a statewide public retirement system, may adopt by ordinance or resolution, as applicable, provisions that supplement or supersede the operative provisions of the public retirement system.

(c) Provisions adopted under Subsection (b):

(1) apply only to a person who becomes eligible for membership in the public retirement system after December 31, 2015; and

(2) subject to Subsection (d), may include or apply to:

(A) the use of a defined contribution plan

1 instead of a defined benefit plan;

2 (B) any provision relating to benefits,  
3 participation, or eligibility requirements;

4 (C) the source or amount of the funding; and

5 (D) the administration of the system.

6 (d) Any plan governed by a provision adopted under  
7 Subsection (b) must be funded 100 percent by the municipality not  
8 later than 180 days after the ending date of the municipality's  
9 fiscal year.

10 (e) Contributions by an employee described by Subsection  
11 (c)(1) to a plan that is governed by a provision adopted under  
12 Subsection (b) are deposited with:

13 (1) the trustees of any plan for which the employee  
14 would have qualified if not for the municipality's action under  
15 Subsection (b); or

16 (2) the custodian of an individual retirement account  
17 designated by the employee.

18 (f) In no event shall a municipality retain custody of any  
19 contribution made under Subsection (e) or the ability to determine  
20 the manner in which such contribution shall be invested.

21 (g) In the event of a conflict between a statute adopted  
22 before the effective date of the Act enacting this section that  
23 applies to a public retirement system described by Subsection (b)  
24 and a municipal ordinance or resolution adopted by the governing  
25 body of the sponsoring municipality of that retirement system under  
26 this section, the municipal ordinance or resolution prevails.

27 SECTION 2. This Act takes effect immediately if it receives

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1 a vote of two-thirds of all the members elected to each house, as  
2 provided by Section 39, Article III, Texas Constitution. If this  
3 Act does not receive the vote necessary for immediate effect, this  
4 Act takes effect September 1, 2015.