

House Bill 3310
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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, 802.2015, and 802.2016.

No equivalent provision.

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

SENATE VERSION (CS)

SECTION 1. Same as House version.

SECTION 2. Section 802.002(a), Government Code, is amended to read as follows:

(a) Except as provided by Subsection (b), the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas County and District Retirement System, the Texas Municipal Retirement System, and the Judicial Retirement System of Texas Plan Two are exempt from Sections 802.101(a), 802.101(b), 802.101(d), 802.102, 802.103(a), 802.103(b), 802.2015, 802.2016, 802.202, 802.203, 802.204, 802.205, 802.206, and 802.207. The Judicial Retirement System of Texas Plan One is exempt from all of Subchapters B and C except Sections 802.104 and 802.105. The optional retirement program governed by Chapter 830 is exempt from all of Subchapters B and C except Section 802.106.

SECTION 3. Same as House version.

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

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

SECTION 4. Subchapter C, Chapter 802, Government Code, is amended by adding Sections 802.2015 and 802.2016 to read as follows:

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

(b) This section applies to a public retirement system and its associated governmental entity other than a public retirement system and its associated governmental entity subject to Section 802.2016.

(c) A public retirement system shall notify the associated governmental entity in writing if the retirement system receives an actuarial valuation indicating that the system's

SENATE VERSION (CS)

SECTION 4. Same as House version.

SECTION 5. Same as House version.

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actual contributions are not sufficient to amortize the unfunded actuarial accrued liability within 40 years. If a public retirement system's actuarial valuation shows that the system's amortization period has exceeded 40 years for three consecutive annual actuarial valuations, or two consecutive actuarial valuations in the case of a system that conducts the valuations every two or three years, the governing body of the public retirement system and the associated governmental entity shall formulate a funding soundness restoration plan under Subsection (e) in accordance with the system's governing statute.

(d) The governing body of a public retirement system and the associated governmental entity that have formulated a funding soundness restoration plan under Subsection (e) shall formulate a revised funding soundness restoration plan under that subsection, in accordance with the system's governing statute, if the system conducts an actuarial valuation showing that:

- (1) the system's amortization period exceeds 40 years; and
- (2) the previously formulated funding soundness restoration plan has not been adhered to.

(e) A funding soundness restoration plan formulated under this section must:

- (1) be developed by the public retirement system and the associated governmental entity in accordance with the system's governing statute; and
- (2) be designed to achieve a contribution rate that will be sufficient to amortize the unfunded actuarial accrued liability within 40 years not later than the 10th anniversary of the date on which the final version of a funding soundness restoration plan is agreed to.

(f) A public retirement system and the associated

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governmental entity that formulate a funding soundness restoration plan shall report any updates of progress made by the entities toward improved actuarial soundness to the board every two years.

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

Sec. 802.2016. FUNDING SOUNDNESS RESTORATION PLAN FOR CERTAIN PUBLIC RETIREMENT SYSTEMS.

(a) In this section, "governmental entity" has the meaning assigned by Section 802.1012.

(b) This section applies only to a public retirement system that is governed by Article 6243i, Revised Statutes.

(c) A public retirement system shall notify the associated governmental entity in writing if the retirement system receives an actuarial valuation indicating that the system's actual contributions are not sufficient to amortize the unfunded actuarial accrued liability within 40 years. If a public retirement system's actuarial valuation shows that the system's amortization period has exceeded 40 years for three consecutive annual actuarial valuations, or two consecutive actuarial valuations in the case of a system that conducts the valuations every two or three years, the associated governmental entity shall formulate a funding soundness restoration plan under Subsection (e) in accordance with the public retirement system's governing statute.

(d) An associated governmental entity that has formulated a funding soundness restoration plan under Subsection (e) shall formulate a revised funding soundness restoration plan under that subsection, in accordance with the public retirement

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system's governing statute, if the system conducts an actuarial valuation showing that:

- (1) the system's amortization period exceeds 40 years; and
- (2) the previously formulated funding soundness restoration plan has not been adhered to.

(e) A funding soundness restoration plan formulated under this section must:

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

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

(f) An associated governmental entity that formulates a funding soundness restoration plan shall report any updates of progress made by the public retirement system and associated governmental entity toward improved actuarial soundness to the board every two years.

(g) An associated governmental entity that formulates a funding soundness restoration plan as provided by this section shall submit a copy of that plan to the board and any change to the plan not later than the 31st day after the date on which the plan or the change is formulated.

SECTION 5. A public retirement system subject to Section 802.2015, Government Code, as added by this Act, or a governmental entity subject to Section 802.2016, Government Code, as added by this Act, shall formulate a funding soundness restoration plan, if required to do so under the

SENATE VERSION (CS)

SECTION 6. Same as House version.

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applicable section, based on the most recent actuarial valuation study conducted under Section 802.101, Government Code, as amended by this Act, not later than November 1, 2016. The first actuarial valuation study that is conducted for or by a public retirement system on or after the effective date of this Act must include a recommended contribution rate.

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

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

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

SENATE VERSION (CS)

SECTION 7. Same as House version.

SECTION 8. Same as House version.

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