

BILL ANALYSIS

C.S.H.B. 3247
By: Martinez
Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been suggested that changes to laws governing the Texas Emergency Services Retirement System (TESRS) are needed to address administrative issues, provide for greater participation, and eliminate gaps in coverage. C.S.H.B. 3247 seeks to address this issue by updating statutory language and providing clarification in those laws in order to protect the actuarial soundness of TESRS and provide members with a better, more flexible TESRS.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the state board of trustees of the Texas Emergency Services Retirement System in SECTIONS 3, 18, and 33 of this bill.

ANALYSIS

C.S.H.B. 3247 amends the Government Code to revise, update, and clarify provisions relating to the Texas Emergency Services Retirement System (TESRS). The bill defines, among other terms:

- "governing body of a department" or "governing body of a participating department" to mean the board of trustees or other governing body of the department or, if the department does not have a governing body, the governing body of the political subdivision;
- "governing body of a political subdivision" to mean the governing body of the political subdivision or unit of government of which the department is a part; and
- "participating department head" to mean the chief, designated leader, or other executive head of a participating department.

The bill authorizes the governing body of a participating department to designate a participating department head, subject to the approval of the executive director.

C.S.H.B. 3247 changes provisions with regard to termination of an election for a department to participate in TESRS by:

- defining "department" as a department or other organization that performs emergency services, including a volunteer fire department, and that is not a for-profit entity; and
- authorizing the state board of trustees of TESRS to adopt rules that allow the governing body of a participating department to revoke its participation in TESRS in a manner that maintains the actuarial soundness of TESRS.

C.S.H.B. 3247 extends immunity from liability for any good faith action taken in the performance of TESRS duties to a local board of trustees of a department and each participating department head of TESRS.

C.S.H.B. 3247 prohibits a person from earning service credit for the same service with TESRS and another public retirement system.

C.S.H.B. 3247 revises provisions with regard to temporary disability retirement benefits and, among other things:

- makes a requirement for a member who is receiving such benefits to periodically file a disability rating report at the local board's discretion;
- requires a local board to select the physician making the determination on the duration of the disability;
- sets out the requirements for a person who is determined by a local board to be temporarily disabled to continue to receive disability retirement benefits;
- establishes that the amount of the continuing disability retirement annuity is determined in the same manner as for a temporary disability retirement benefit;
- provides for the termination of a continuing disability retirement annuity and requirements for a retiree to continue receiving the annuity;
- sets out the conditions under which payments of a continuing disability retirement annuity to a retiree certified by the medical board as permanently disabled are required to cease; and
- provides for a hearing to determine if grounds exist for termination of the annuity.

C.S.H.B. 3247 revises provisions with regard to benefits for members and retirees of a department that withdraws from participation or ceases to exist. The bill authorizes the state board of trustees of TESRS by rule to provide a procedure under which the governing body of a department may delegate its duties to the executive director of the state board or appoint the executive director to perform the duties of a governing body of a political subdivision if the governing body fails to perform or delegate the required duties of a local board of a formerly participating department within a prescribed period of time.

C.S.H.B. 3247, with regard to the general administration of TESRS:

- establishes that the governor is not required to appoint a trustee to the state board to represent emergency medical services personnel if there are no participating departments in TESRS that provide emergency medical services;
- establishes that the state board is responsible for seeking and recovering any benefits fraudulently acquired from TESRS and sets forth related procedures;
- requires certain gifts, money, or other property received and interest collected to be deposited into the Texas emergency services retirement fund;
- requires the executive director of the state board, not later than the 30th day after the date the executive director receives from a participating department head notice of a change in the membership records of the department, to notify the presiding officer of the local board of the department of the change;
- authorizes the executive director to examine the membership records of a participating department head; and
- sets out the duties of the participating department head.

C.S.H.B. 3247 authorizes the state board of trustees of TESRS by rule to adopt a procedure by which the duties of a local board may be delegated to the executive director under certain conditions. The bill removes the specification that the governing bodies of political subdivisions contribute equally for each member for each month of service if the participating department is located in more than one political subdivision. The bill authorizes TESRS to collect from the governing body of a political subdivision any local contributions the governing body fails to make and associated interest accrued.

C.S.H.B. 3247 repeals the definition of auxiliary employee for purposes of TESRS and repeals an authorization for a TESRS member who performs qualified service for more than one participating department to become eligible to receive a service retirement benefit annuity from more than one department.

C.S.H.B. 3247 repeals the following provisions of the Government Code:

- Section 861.001(2)
- Section 864.003
- Sections 864.005(c), (e), (f), and (g)
- Section 865.010(d)

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3247 differs from the original in minor or nonsubstantive ways to make technical corrections.