

By: Flynn

H.B. No. 2657

A BILL TO BE ENTITLED

AN ACT

relating to the funding soundness restoration plans required for certain public retirement systems.

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

SECTION 1. Sections 802.2015(c), (d), and (e), Government Code, are amended to read as follows:

(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 30 [~~40~~] years. If a public retirement system's actuarial valuation shows that the system's amortization period has exceeded 30 [~~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

1 conducts an actuarial valuation showing that:

2 (1) the system's amortization period exceeds 30 [~~40~~]
3 years; and

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

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

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

11 (2) be designed to achieve a contribution rate that
12 will be sufficient to amortize the unfunded actuarial accrued
13 liability within 30 [~~40~~] years not later than the 10th anniversary
14 of the date on which the final version of a funding soundness
15 restoration plan is agreed to.

16 SECTION 2. Sections [802.2016](#)(c), (d), and (e), Government
17 Code, are amended to read as follows:

18 (c) A public retirement system shall notify the associated
19 governmental entity in writing if the retirement system receives an
20 actuarial valuation indicating that the system's actual
21 contributions are not sufficient to amortize the unfunded actuarial
22 accrued liability within 30 [~~40~~] years. If a public retirement
23 system's actuarial valuation shows that the system's amortization
24 period has exceeded 30 [~~40~~] years for three consecutive annual
25 actuarial valuations, or two consecutive actuarial valuations in
26 the case of a system that conducts the valuations every two or three
27 years, the associated governmental entity shall formulate a funding

1 soundness restoration plan under Subsection (e) in accordance with
2 the public retirement system's governing statute.

3 (d) An associated governmental entity that has formulated a
4 funding soundness restoration plan under Subsection (e) shall
5 formulate a revised funding soundness restoration plan under that
6 subsection, in accordance with the public retirement system's
7 governing statute, if the system conducts an actuarial valuation
8 showing that:

9 (1) the system's amortization period exceeds 30 [~~40~~]
10 years; and

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

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

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

18 (2) be designed to achieve a contribution rate that
19 will be sufficient to amortize the unfunded actuarial accrued
20 liability within 30 [~~40~~] years not later than the 10th anniversary
21 of the date on which the final version of a funding soundness
22 restoration plan is formulated.

23 SECTION 3. A public retirement system and an associated
24 governmental entity subject to Section [802.2015](#), Government Code,
25 as amended by this Act, or a governmental entity subject to Section
26 [802.2016](#), Government Code, as amended by this Act, shall formulate
27 a funding soundness restoration plan, if required to do so under the

1 applicable section, based on the most recent actuarial valuation
2 study conducted under Section [802.101](#), Government Code, not later
3 than November 1, 2020.

4 SECTION 4. This Act takes effect September 1, 2019.