

By: Flynn

H.B. No. 4290

A BILL TO BE ENTITLED

AN ACT

relating to requiring certain public retirement systems to implement funding soundness plans.

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, 802.108, 802.2015, ~~and~~ 802.2016, and 802.2017.

SECTION 2. Sections 802.002(a) and (c), Government Code, are 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, 802.2017, 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.

1 (c) Notwithstanding any other law, a defined contribution
2 plan is exempt from Sections 802.101, 802.1012, 802.1014, 802.103,
3 802.104, 802.2017, and 802.202(d). This subsection may not be
4 construed to exempt any plan from Section 802.105 or 802.106(h).

5 SECTION 3. Subchapter C, Chapter 802, Government Code, is
6 amended by adding Section 802.2017 to read as follows:

7 Sec. 802.2017. FUNDING SOUNDNESS PLANS FOR CERTAIN PUBLIC
8 RETIREMENT SYSTEMS. (a) In this section, "governmental entity"
9 has the meaning assigned by Section 802.1012.

10 (b) If, on September 1, 2019, a public retirement system's
11 most recent actuarial valuation indicates that the system's
12 amortization period for the system's unfunded actuarial accrued
13 liability exceeds 30 years but does not exceed 40 years:

14 (1) the governing body of the system shall notify its
15 associated governmental entity in writing of that fact; and

16 (2) the governing body of the system and its
17 associated governmental entity jointly, or, if the system is
18 governed by Article 6243i, Revised Statutes, the system's
19 associated governmental entity solely, shall develop a written plan
20 that identifies specific measures that the system and its
21 associated governmental entity shall, in accordance with the
22 system's governing statute, implement to achieve an amortization
23 period that is within 30 years not later than the last day of the
24 system's fiscal year ending in 2022.

25 (c) If, on or after the date prescribed by Subsection
26 (b)(2), a public retirement system subject to this section receives
27 an actuarial valuation indicating that the system's actual

1 contributions:

2 (1) are sufficient to amortize the system's unfunded
3 actuarial accrued liability within 30 years, the system has
4 satisfied its obligations under this section and shall immediately
5 notify its associated governmental entity in writing of that fact;
6 or

7 (2) are not sufficient to amortize the system's
8 unfunded actuarial accrued liability within 30 years:

9 (A) the governing body of the system shall
10 notify its associated governmental entity in writing of that fact;
11 and

12 (B) the governing body of the system and its
13 associated governmental entity jointly, or, if the system is
14 governed by Article 6243i, Revised Statutes, the system's
15 associated governmental entity solely, shall formulate a funding
16 soundness restoration plan under Subsection (d).

17 (d) A funding soundness restoration plan formulated under
18 this section must:

19 (1) be developed by the public retirement system and
20 the associated governmental entity jointly, or, if the system is
21 governed by Article 6243i, Revised Statutes, by the system's
22 associated governmental entity solely, in accordance with the
23 system's governing statute; and

24 (2) be designed to achieve a contribution rate that
25 will be sufficient to amortize the unfunded actuarial accrued
26 liability within 30 years not later than the sixth anniversary of
27 the date on which the final version of a funding soundness

1 restoration plan is formulated.

2 (e) A public retirement system and an associated
3 governmental entity that formulate a funding soundness restoration
4 plan shall report any updates of progress made by the entities
5 toward improved actuarial soundness to the board each year.

6 (f) Each public retirement system and its associated
7 governmental entity or each associated governmental entity, as
8 applicable, that formulates a funding soundness restoration plan as
9 provided by this section shall submit a copy of that plan to the
10 board not later than the 31st day after the date on which the plan is
11 formulated.

12 (g) The board may adopt rules necessary to implement this
13 section, including rules that allow a public retirement system and
14 an associated governmental entity to amend a funding soundness
15 restoration plan formulated under this section.

16 (h) This section expires September 1, 2029.

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