

By: Murphy, et al.

H.B. No. 3397

A BILL TO BE ENTITLED

AN ACT

relating to contributions to the Employees Retirement System of Texas.

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

SECTION 1. Section 815.402(a), Government Code, is amended to read as follows:

(a) Except as provided by Section 813.201, each payroll period, each department or agency of the state shall cause to be deducted from each member's compensation a contribution of:

(1) 9.5 percent of the compensation if the member is not a member of the legislature, for service rendered after August 31, 2015, and before September 1, 2017;

(2) for service by a member who is not a member of the legislature rendered on or after September 1, 2017, and before September 1, 2021, the lesser of:

(A) 9.5 percent of the ~~[member's annual]~~ compensation; or

(B) a percentage of the ~~[member's annual]~~ compensation equal to 9.5 percent reduced by one-tenth of one percent for each one-tenth of one percent that the state contribution rate for the fiscal year to which the service relates is less than the state contribution rate established for the 2017 fiscal year; ~~[or]~~

(3) 9.5 percent of the compensation if the member is a

1 member of the legislature, for service rendered before September 1,
2 2021; or

3 (4) for service rendered by any member on or after
4 September 1, 2021, an amount equal to the member contribution rate
5 adopted by the board of trustees under Section 815.4036 for the
6 applicable fiscal year multiplied by the member's compensation.

7 SECTION 2. Section 815.403(a), Government Code, is amended
8 to read as follows:

9 (a) During each fiscal year, the state shall contribute to
10 the retirement system:

11 (1) for the fiscal year beginning September 1, 2021,
12 and subsequent fiscal years, an amount equal to the state
13 contribution rate adopted by the board of trustees under Section
14 815.4036 for the applicable fiscal year multiplied by [7.4 percent
15 ~~of~~] the total compensation of all members of the retirement system
16 for that year;

17 (2) money to pay lump-sum death benefits for retirees
18 under Section 814.501;

19 (3) an amount for the law enforcement and custodial
20 officer supplemental retirement fund equal to 2.13 percent of the
21 aggregate state compensation of all custodial and law enforcement
22 officers for that year;

23 (4) money necessary for the administration of the law
24 enforcement and custodial officer supplemental retirement fund;
25 and

26 (5) money for service credit not previously
27 established, as provided by Section 813.202(c) or 813.302(d).

1 SECTION 3. Subchapter E, Chapter 815, Government Code, is
2 amended by adding Section 815.4036 to read as follows:

3 Sec. 815.4036. ACTUARIALLY DETERMINED STATE AND MEMBER
4 CONTRIBUTION RATES. (a) For the fiscal year beginning September 1,
5 2021, and for each subsequent fiscal year:

6 (1) the actuary designated under Section 815.206
7 shall:

8 (A) calculate an actuarially determined
9 contribution rate for the applicable fiscal year; and

10 (B) recommend to the board of trustees for review
11 and adoption the member contribution rate under Section
12 815.402(a)(4) and the state contribution rate under Section
13 815.403(a)(1) calculated by apportioning the actuarially
14 determined contribution rate under Paragraph (A) among members, the
15 state, and, subject to Section 815.4035(a), employers in a manner
16 that results in the member contribution rate not exceeding 50
17 percent of the actuarially determined contribution rate; and

18 (2) the board shall adopt the contribution rates
19 recommended by the actuary under Subdivision (1)(B) as the member
20 contribution rate under Section 815.402(a)(4) and the state
21 contribution rate under Section 815.403(a)(1).

22 (b) For purposes of Subsection (a)(1), an actuarially
23 determined contribution rate is a percentage rate that reflects the
24 sum of:

25 (1) the normal cost of projected benefits for the
26 fiscal year; and

27 (2) the portion of the total payment toward the

1 unfunded actuarial accrued liabilities of the retirement system
2 that is:

3 (A) attributable to the fiscal year; and
4 (B) sufficient to amortize the unfunded
5 actuarial accrued liabilities of the system in a period that does
6 not exceed 30 years by one or more years.

7 (c) The actuarially determined contribution rate
8 recommended by the actuary under Subsection (a)(1) must be based
9 on:

10 (1) reasonable actuarial assumptions and methods;
11 (2) tables adopted by the board under Section [815.105](#);
12 and
13 (3) the funding policy adopted by the board under
14 Section [802.2011](#).

15 SECTION 4. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section [39](#), Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2021.