

By: Longoria

H.B. No. 4163

A BILL TO BE ENTITLED

AN ACT

relating to a funding soundness restoration plan for certain public retirement systems.

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

SECTION 1. Section 28(h), Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes), is amended to read as follows:

(h) A retirement system established under this Act is exempt from Subchapter C, Chapter 802, Government Code, except Sections 802.2017, 802.202, 802.205, and 802.207.

SECTION 2. Section 802.2015(b), Government Code, is amended to read as follows:

(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 or 802.2017.

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

Sec. 802.2017. FUNDING SOUNDNESS RESTORATION PLAN FOR CERTAIN PUBLIC RETIREMENT SYSTEMS FOR FIRE FIGHTERS. (a) In this section:

(1) "Funded ratio" has the meaning assigned by Section 802.2011.

(2) "Governmental entity" has the meaning assigned by

1 Section 802.1012.

2 (b) This section applies only to a public retirement system  
3 governed by the Texas Local Fire Fighters Retirement Act (Article  
4 6243e, Vernon's Texas Civil Statutes), and its associated  
5 governmental entity.

6 (c) A public retirement system shall notify the associated  
7 governmental entity in writing if the system receives an actuarial  
8 valuation indicating that the system's actual contributions are not  
9 sufficient to amortize the unfunded actuarial accrued liability  
10 within 30 years. The governing body of the public retirement system  
11 and the governing body of the associated government entity shall  
12 jointly formulate a funding soundness restoration plan under  
13 Subsection (e) if:

14 (1) the system's actuarial valuation shows that the  
15 system's amortization period exceeds:

16 (A) 40 years; or

17 (B) 30 years and:

18 (i) the funded ratio of the system is less  
19 than 65 percent; or

20 (ii) the funded ratio of the system is 65  
21 percent or greater and the system receives:

22 (a) if the system receives an annual  
23 actuarial valuation, two more consecutive actuarial valuations  
24 that show the funded ratio of the system is 65 percent or greater;  
25 or

26 (b) if the system receives actuarial  
27 valuations every two or three years, one more consecutive actuarial

1 valuation that shows the funded ratio of the system is 65 percent or  
2 greater;

3 (2) except as provided by Subsection (d), a funding  
4 soundness restoration plan formulated under Subsection (e) or  
5 Section 802.2015 is not already in effect; and

6 (3) the board has not exempted the system from the  
7 requirement to formulate a funding soundness restoration plan in  
8 accordance with the rules adopted under Subsection (h).

9 (d) The governing body of a public retirement system and the  
10 associated governmental entity that have formulated a funding  
11 soundness restoration plan under Subsection (e) shall formulate a  
12 revised funding soundness restoration plan under that subsection  
13 if, based on the most recent actuarial valuation, the board  
14 determines that the previously formulated funding soundness  
15 restoration plan has not been adhered to.

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

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

21 (2) be designed to achieve a contribution rate that  
22 will be sufficient to amortize the unfunded actuarial accrued  
23 liability within 30 years not later than the 10th anniversary of the  
24 date on which the final version of a funding soundness restoration  
25 plan is agreed to.

26 (f) A public retirement system and the associated  
27 governmental entity that formulate a funding soundness restoration

1 plan shall report any updates of progress made by the entities  
2 toward improved actuarial soundness to the board every two years.

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

8 (h) The board shall adopt rules for the administration of  
9 this section, including a procedure for a public retirement system  
10 subject to the requirement to formulate a funding soundness  
11 restoration plan under this section to request from the board an  
12 exemption from the requirement based on:

13 (1) the system's adoption of actuarially determined  
14 contribution rates; and

15 (2) one or more actuarial valuations of the system  
16 showing the system's amortization period is projected to become  
17 within a reasonable period an amortization period not exceeding 30  
18 years.

19 SECTION 4. As soon as practicable after the effective date  
20 of this Act, the State Pension Review Board shall adopt the rules  
21 required by Section 802.2017(h), Government Code, as added by this  
22 Act.

23 SECTION 5. A public retirement system is not required to  
24 formulate a funding soundness restoration plan under Section  
25 802.2017, Government Code, as added by this Act, based on an  
26 actuarial valuation made before the effective date of this Act.

27 SECTION 6. This Act takes effect September 1, 2021.