

By: Bettencourt

S.B. No. 1619

A BILL TO BE ENTITLED

AN ACT

relating to municipal control of certain local public retirement systems.

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

SECTION 1. Chapter 810, Government Code, is amended by adding Section 810.0015 to read as follows:

Sec. 810.0015. MUNICIPAL CONTROL OF RETIREMENT SYSTEM PROVISIONS. (a) In this section:

(1) "Hybrid retirement plan" means a retirement plan that combines elements of a defined benefit plan, a defined contribution plan, or an individual retirement savings account.

(2) "Public retirement system" has the meaning assigned by Section 802.001.

(b) Except as provided by Sections 66 and 67, Article XVI, Texas Constitution, and notwithstanding any other law, a municipality that is the sponsoring authority of a public retirement system that was created under and is governed by a state statute, but is not a part of a statewide retirement system, may adopt by ordinance or resolution, as applicable, provisions that supplement or supersede the operative provisions of the public retirement system's governing statute.

(c) Provisions adopted under Subsection (b):

(1) must apply only to a person who becomes eligible for membership in the public retirement system after December 31,

1 2021; and

2 (2) may:

3 (A) subject to Subsections (d), (e), and (f),
4 create a defined contribution plan, hybrid retirement plan, or
5 other alternative retirement plan instead of a defined benefit plan
6 or other retirement plan required or authorized under the system's
7 governing statute; and

8 (B) apply to:

9 (i) benefits, participation, or
10 eligibility requirements of the system;

11 (ii) the source or amount of funding for the
12 system; and

13 (iii) the administration of the system.

14 (d) A defined contribution plan, hybrid retirement plan, or
15 other alternative retirement plan created under Subsection (b) must
16 be funded 100 percent by the municipality not later than the 180th
17 day after the last day of the municipality's fiscal year.

18 (e) Contributions by a person described by Subsection
19 (c)(1) to a plan described by Subsection (d) must be deposited with:

20 (1) the trustees of a retirement plan for which the
21 person would have been eligible for participation in but for the
22 municipality's action under Subsection (b); or

23 (2) the custodian of an individual retirement account
24 designated by the person.

25 (f) A municipality may not retain custody of contributions
26 made under Subsection (e) or determine the manner in which the
27 contributions are invested.

1 SECTION 2. To the extent of any conflict, this Act and a
2 municipal ordinance or resolution adopted by the governing body of
3 the sponsoring municipality of a public retirement system under
4 Section 810.0015(b), Government Code, as added by this Act, prevail
5 over another Act of the 87th Legislature, Regular Session, 2021,
6 relating to a public retirement system subject to that section.

7 SECTION 3. This Act takes effect immediately if it receives
8 a vote of two-thirds of all the members elected to each house, as
9 provided by Section 39, Article III, Texas Constitution. If this
10 Act does not receive the vote necessary for immediate effect, this
11 Act takes effect September 1, 2021.