**BILL ANALYSIS**

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| Senate Research Center | H.B. 2464 |
|  | By: Price; Smithee (Hughes) |
|  | Finance |
|  | 5/8/2023 |
|  | Engrossed |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Inflation is a much-discussed topic in our nation and state as the rate of inflation reached a high in the summer of 2022 not seen in many decades. The United States Bureau of Labor Statistics recently reported that over the last 12 months the all items consumer price index increased approximately 6.0 percent before seasonal adjustment. Inflation, the decline in the value of money as illustrated by the general increase in the costs of goods and services, leaves many individuals and families with less purchasing power. Retirees, including beneficiaries of retirement plans, are especially hurt economically by inflation because they generally live on a fixed income without having an increase in wages. Some retirees are able to obtain some relief if their fixed income is increased to an extent by a cost-of-living adjustment (COLA). Retirees and beneficiaries of the Texas Municipal Retirement System (TMRS) are among those needing a COLA. H.B. 2464 seeks to create optional annuity increases for retirees and beneficiaries of TMRS.

H.B. 2464 amends current law relating to optional annuity increases for certain retirees and beneficiaries of the Texas Municipal Retirement System.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 853.404, Government Code, by adding Subsections (f) and (f-1), as follows:

(f) Authorizes the governing body of a participating municipality that adopts an ordinance under Section 854.203 (Optional Increase in Retirement Annuities) providing for increased annuities effective January 1 of 2024, 2025, or 2026, subject to Subsection (f-1) and notwithstanding conflicting provisions of Subsection (c) (relating to authorizing the governing body of a participating municipality that adopts an ordinance providing for increased annuities effective January 1 of a designated year to further provide in the ordinance that increases in annuities will be credited effective January 1 of each year following the designated year based on recomputations made for each year following the initial computation, and using the fraction specified in the ordinance in the recomputations) or Section 854.203, to elect to compute the annuity increase, including an annual annuity increase authorized under Subsection (c), as the sum of prior and current service annuities, as increased in subsequent years under Section 854.203 or Subsection (c), of the person on whose service the annuities are based on the effective date of the annuity increase, multiplied by:

(1) the percentage change in the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor, during the 12-month period ending in December of the year that is 13 months before the effective date of the ordinance providing the increase; and

(2) 30 percent, 50 percent, or 70 percent, as specified by the governing body in the ordinance.

(f-1) Provides that Subsection (f) applies only with respect to:

(1) a participating municipality that as of January 1, 2023:

(A) does not provide by ordinance an annual annuity increase under Subsection (c) because the municipality:

(i) passed an ordinance before January 1, 2023, that rescinded a previous ordinance authorizing annual increases under Subsection (c); or

(ii) has not passed an ordinance authorizing annual increases under Subsection (c); or

(B) does provide by ordinance an annual annuity increase under Subsection (c) if the governing body of the municipality elects to provide increased annuities recomputed in accordance with Subsection (f) for purposes of maintaining or increasing the amount of the annuity increase otherwise authorized by the ordinance; and

(2) the annuity of:

(A) a retiree who retired not later than the last day of December of the year that is 13 months before the effective date of the ordinance providing the increase; or

(B) a beneficiary of a deceased retiree whose death occurred not later than the last day of December of the year that is 13 months before the effective date of the ordinance providing the increase.

SECTION 2. Effective date: upon passage or September 1, 2023.