88R20776 KFF-F

By:  Metcalf, Perez, Harless, Oliverson, H.B. No. 3340

     J. Johnson of Harris, et al.

Substitute the following for H.B. No. 3340:

By:  Capriglione C.S.H.B. No. 3340

A BILL TO BE ENTITLED

AN ACT

relating to the public retirement systems of certain municipalities.

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

ARTICLE 1. FIREFIGHTERS' RELIEF AND RETIREMENT FUND

SECTION 1.01.  The heading to Article 6243e.2(1), Revised Statutes, is amended to read as follows:

Art. 6243e.2(1). FIREFIGHTERS' RELIEF AND RETIREMENT FUND IN MUNICIPALITIES OF AT LEAST 2,000,000 [~~1,600,000~~] POPULATION.

SECTION 1.02.  Section 1(13-e), Article 6243e.2(1), Revised Statutes, is amended to read as follows:

(13-e)  "Normal retirement age" means:

(A)  [~~for a member, including a member who was hired before the year 2017 effective date and who involuntarily separated from service but has been retroactively reinstated in accordance with an arbitration, civil service, or court ruling, hired before the year 2017 effective date,~~] the age at which a [~~the~~] member attains 20 years of service; or

(B)  [~~except as provided by Paragraph (A) of this subdivision, for a member hired or rehired on or after the year 2017 effective date,~~] the age at which the member first attains both the age of at least 50 and at least 10 years of service [~~sum of the member's age, in years, and the member's years of participation in the fund equals at least 70~~].

SECTION 1.03.  Section 2(a), Article 6243e.2(1), Revised Statutes, is amended to read as follows:

(a)  A firefighters' relief and retirement fund is established in each incorporated municipality that has a population of at least 2,000,000 [~~1,600,000~~] and a fully paid fire department.

SECTION 1.04.  Section 4(a), Article 6243e.2(1), Revised Statutes, is amended to read as follows:

(a)  A member who terminates active service for any reason other than death is entitled to receive a service pension provided by this section if the member was:

(1)  hired as a firefighter before the year 2017 effective date, including a member who was hired before the year 2017 effective date and who involuntarily separated from service but has been retroactively reinstated in accordance with an arbitration, civil service, or court ruling, at the age at which the member attains 20 years of service; and

(2)  except as provided by Subdivision (1) of this subsection and subject to Subsection (b-2) of this section, hired or rehired as a firefighter on or after the year 2017 effective date, at the age at which the member attains 20 years of service [~~when the sum of the member's age in years and the member's years of participation in the fund equals at least 70~~].

SECTION 1.05.  Sections 5(a), (b), (b-1), (c), (d), (l), and (m), Article 6243e.2(1), Revised Statutes, are amended to read as follows:

(a)  A member who is eligible to receive a service pension under Section 4 [~~4(a)(1)~~] of this article and who remains in active service may elect to participate in the deferred retirement option plan provided by this section. [~~A member who is eligible to receive a service pension under Section 4(a)(2) of this article may not elect to participate in the deferred retirement option plan provided by this section.~~] On subsequently terminating active service, a member who elected the DROP may apply for a monthly service pension under Section 4 of this article, except that the effective date of the member's election to participate in the DROP will be considered the member's retirement date for determining the amount of the member's monthly service pension. The member may also apply for any DROP benefit provided under this section on terminating active service. An election to participate in the DROP, once approved by the board, is irrevocable.

(b)  A member may elect to participate in the DROP by complying with the election process established by the board. The member's election may be made at any time beginning on the date the member has completed 20 years of participation in the fund and is otherwise eligible for a service pension under Section 4 [~~4(a)(1)~~] of this article. Beginning on the first day of the month following the month in which the member makes an election to participate in the DROP, subject to board approval, and ending on the year 2017 effective date, amounts equal to the deductions made from the member's salary under Section 13(c) of this article shall be credited to the member's DROP account. Beginning after the year 2017 effective date, amounts equal to the deductions made from the member's salary under Section 13(c) of this article may not be credited to the member's DROP account.

(b-1)  On or after the year 2017 effective date, an active member may not participate in the DROP for more than 20 [~~13~~] years. If a DROP participant remains in active service after the 20th [~~13th~~] anniversary of the effective date of the member's DROP election:

(1)  subsequent deductions from the member's salary under Section 13(c) of this article, except for unused leave pay, may not be credited to the member's DROP account; and

(2)  the account shall continue to be credited with earnings in accordance with Subsection (d) of this section.

(c)  After a member's DROP election becomes effective, an amount equal to the monthly service pension the member would have received under Section 4 of this article, if applicable, had the member terminated active service on the effective date of the member's DROP election shall be credited to a DROP account maintained for the member. That monthly credit to the member's DROP account shall continue until the earlier of the date the member terminates active service or the 20th [~~13th~~] anniversary of the date of the first credit to the member's DROP account.

(d)  A member's DROP account shall be credited with earnings at an annual rate equal to 70 [~~65~~] percent of the [~~compounded~~] average annual return earned by the fund over the five years preceding, but not including, the year during which the credit is given. Notwithstanding the preceding, however, the credit to the member's DROP account shall be at an annual rate of not less than 2.5 percent, irrespective of actual earnings.

(l)  A member who participates in the DROP is ineligible for disability benefits described by Section 6 of this article, except that a member with less than 13 years of DROP participation is eligible for the benefits described by Section 6(c). If a member who has a disability described by Section 6(c) of this article is a DROP participant with less than 13 years of DROP participation, the disability benefit provided by Section 6(c)(1) shall be paid to the member, as a monthly pension benefit, in addition to payments from the DROP account balance. If a member who dies under the conditions described by Section 7(c) of this article is a DROP participant at the time of death or disability resulting in death, the benefit provided by Section 7(c) shall be paid to the member's eligible survivors, as a monthly pension benefit, in addition to payments from the DROP account balance.

(m)  A DROP participant with a break in service may receive service credit within DROP for days worked after the regular expiration of the maximum DROP participation period prescribed by this section. The service credit shall be limited to the number of days in which the participant experienced a break in service or the number of days required to constitute 20 [~~13~~] years of DROP participation, whichever is smaller. A retired member who previously participated in the DROP and who returns to active service is subject to the terms of this section in effect at the time of the member's return to active service.

SECTION 1.06.  Sections 8(a) and (c), Article 6243e.2(1), Revised Statutes, are amended to read as follows:

(a)  A [~~On or after the year 2017 effective date, a~~] member who [~~is hired as a firefighter before the year 2017 effective date, including a member who was hired before the year 2017 effective date and who involuntarily separated from service but has been retroactively reinstated in accordance with an arbitration, civil service, or court ruling,~~] terminates active service for any reason other than death with at least 10 years of participation, but less than 20 years of participation, is entitled to a monthly deferred pension benefit, beginning at age 50, in an amount equal to 1.7 percent of the member's average monthly salary multiplied by the amount of the member's years of participation.

(c)  A [~~Except as provided by Subsection (a) of this section, a member who is hired or rehired as a firefighter on or after the year 2017 effective date or a~~] member who terminates active service [~~employment~~] for any reason other than death before the member has completed 10 years of participation is entitled only to a refund of the member's contributions without interest and is not entitled to a deferred pension benefit under this section or to any other benefit under this article. The member's refund shall be paid as soon as administratively practicable after the effective date of the member's termination of active service.

SECTION 1.07.  Sections 1(13-e) and 4(a), Article 6243e.2(1), Revised Statutes, as amended by this Act, apply to a member who retires on or after the effective date of this Act.

SECTION 1.08.  Section 5, Article 6243e.2(1), Revised Statutes, as amended by this Act, applies to a member who participates in the deferred retirement option plan on or after the effective date of this Act regardless of whether the member began participation in the plan before, on, or after the effective date of this Act.

SECTION 1.09.  Section 8, Article 6243e.2(1), Revised Statutes, as amended by this Act, applies to a member who terminates active service on or after the effective date of this Act.

ARTICLE 2.  POLICE OFFICERS' PENSION SYSTEM

SECTION 2.01.  Section 2(14-c), Article 6243g-4, Revised Statutes, is amended to read as follows:

(14-c)  "Normal retirement age" means:

(A)  [~~for a member hired before October 9, 2004, including a member hired before October 9, 2004, who involuntarily separated from service but was retroactively reinstated under an arbitration, civil service, or court ruling after October 9, 2004, the earlier of:~~

[~~(i)~~]  the age at which a [~~the~~] member attains 20 years of service; or

(B) [~~(ii)~~]  the age at which the member first attains both the age of at least 60 and at least 10 years of service [~~; or~~

[~~(B) except as provided by Paragraph (A) of this subdivision, for a member hired or rehired on or after October 9, 2004, the age at which the sum of the member's age in years and years of service equals at least 70~~].

SECTION 2.02.  Section 12(a), Article 6243g-4, Revised Statutes, is amended to read as follows:

(a)  A member who separates from service after at least 20 years of participation in the system [~~attaining normal retirement age~~] is eligible to receive a monthly service pension, beginning in the month of separation from service. [~~A member who separates from service as a classified police officer with the city after November 23, 1998, after earning 10 or more but less than 20 years of service in the pension system and who complies with all applicable requirements of Section 19 of this article is eligible to receive a monthly service pension, beginning in the month the individual attains normal retirement age.~~] An individual may not receive a pension under this article while still an active member. All service pensions end with the month in which the retired member dies. The city shall supply all personnel, financial, and payroll records necessary to establish the member's eligibility for a benefit, the member's credited service, and the amount of the benefit. The city must provide those records in the format specified by the pension system.

SECTION 2.03.  Sections 14(b) and (e), Article 6243g-4, Revised Statutes, are amended to read as follows:

(b)  An active member who [~~was hired before October 9, 2004, including a member hired before October 9, 2004, who has been reinstated under arbitration, civil service, or a court ruling after that date, and~~] has at least 20 years of service with the police department may file with the pension system an election to participate in DROP and receive a DROP benefit instead of the standard form of pension provided by this article as of the date the active member attained 20 years of service. The election may be made, under procedures established by the board, by an eligible active member who has attained the required years of service. A DROP election that is made and accepted by the board may not be revoked.

(e)  As of the end of each month an amount is credited to each active member's notional DROP account at the rate of one-twelfth of a hypothetical earnings rate on amounts in the account. The hypothetical earnings rate is determined for each calendar year based on the [~~compounded~~] average of the aggregate annual rate of return on investments of the pension system for the five consecutive fiscal years ending June 30 preceding the calendar year to which the earnings rate applies, multiplied by 70 [~~65~~] percent. The hypothetical earnings rate may not be less than 2.5 percent.

SECTION 2.04.  Sections 2(14-c) and 12(a), Article 6243g-4, Revised Statutes, as amended by this Act, apply to a member who retires on or after the effective date of this Act.

SECTION 2.05.  Section 14(e), Article 6243g-4, Revised Statutes, as amended by this Act, applies to a member who participates in the deferred retirement option plan on or after the effective date of this Act regardless of whether the member began participation in the plan before, on, or after the effective date of this Act.

ARTICLE 3.  EFFECTIVE DATE

SECTION 3.01.  This Act takes effect January 1, 2024.