

By: Jetton

H.B. No. 4853

A BILL TO BE ENTITLED

AN ACT

relating to the authority to issue obligations to fund all or any unfunded liability by certain counties.

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

SECTION 1. Subtitle B, Title 4, Chapter 130, Local Government Code, is amended by adding Subchapter B to read as follows:

SUBCHAPTER B. OBLIGATIONS FOR CERTAIN LIABILITIES TO PUBLIC PENSION FUNDS OF CERTAIN COUNTIES

Sec. 130.201. APPLICABILITY OF SUBCHAPTER.

This subchapter applies only to a county with a population of more than 800,000 that borders a county with a population of more than 3 million.

Sec. 130.202. DEFINITIONS. In this chapter:

(1) "Obligation" includes a bond, certificate, note, or book entry obligation.

(2) "Unfunded liability" means an unfunded, accrued liability of a county to a public pension fund as determined by actuarial analysis.

Sec. 130.203. DEFINITION OF "PUBLIC PENSION FUND". In this chapter, "public pension fund":

(1) means a continuing, organized program or plan of service retirement, disability retirement, or death benefits for officers or employees of a county;

1           (2) includes a plan qualified under Section 401(a),  
2 Internal Revenue Code of 1986, as amended,; and

3           (3) does not include:

4           (A) a program that provides only workers'  
5 compensation benefits;

6           (B) a program administered by the federal  
7 government;

8           (C) a plan described by Section 401(d), Internal  
9 Revenue Code of 1986, as amended;

10           (D) an individual retirement account consisting  
11 of an annuity contract described by Section 403(b), Internal  
12 Revenue Code of 1986, as amended;

13           (E) an individual retirement account as defined  
14 by Section 408(a), Internal Revenue Code of 1986, as amended;

15           (F) an individual retirement annuity as defined  
16 by Section 408(b), Internal Revenue Code of 1986, as amended;

17           (G) an eligible deferred compensation plan as  
18 defined by Section 457(b), Internal Revenue Code of 1986, as  
19 amended; or

20           (H) a program for which benefits are administered  
21 by a life insurance company or for which the only funding agency is  
22 a life insurance company.

23           Sec. 130.204. PENSION FUND OBLIGATIONS AUTHORIZED. (a) A  
24 county may issue obligations to fund all or any part of an unfunded  
25 liability.

26           (b) Before authorizing issuance and delivery of an  
27 obligation under this section, the commissioners court of the

1 county must enter into a written agreement with the governing body  
2 of the public retirement system that:

3 (1) has fiduciary responsibility for assets of the  
4 public pension fund or public pension funds that are to receive the  
5 net proceeds of the obligations to be issued; and

6 (2) has the duty to oversee the investment and  
7 expenditure of the assets of the public pension fund.

8 (c) The written agreement must state the amount of the  
9 unfunded liability and the date or dates on which the public pension  
10 fund will accept the net proceeds of the obligations to be issued in  
11 payment of all or a portion of the unfunded liability.

12 Sec. 130.2045. VOTER APPROVAL REQUIRED FOR CERTAIN PENSION  
13 FUND OBLIGATIONS. (a) This section applies only to a public  
14 pension fund subject to:

15 (1) Article 6243e.2(1), Revised Statutes;

16 (2) Chapter 88 (H.B. 1573), Acts of the 77th  
17 Legislature, Regular Session, 2001 (Article 6243h, Vernon's Texas  
18 Civil Statutes); and

19 (3) Article 6243g-4, Revised Statutes.

20 (b) A county may issue an obligation under Section 130.204  
21 to fund all or any part of the unfunded liability of a public  
22 pension fund subject to this section only if the issuance is  
23 approved by a majority of the qualified voters of the county voting  
24 at an election held for that purpose.

25 Sec. 130.205. PROCEEDS OF OBLIGATIONS ISSUED. The county  
26 shall deposit the net proceeds of obligations issued under Section  
27 130.204 to the credit of the public pension fund. The amount

1 deposited under this section becomes part of the public pension  
2 fund's assets.

3 Sec. 130.206. PAYMENT OF OBLIGATIONS. (a) An obligation  
4 issued under 130.204 may be made payable by the county from:

5 (1) the fund from which compensation is paid to its  
6 officers and employees;

7 (2) its general fund; or

8 (3) sales and use taxes, revenues, both sales and use  
9 taxes and revenues, or any other source or combination of sources of  
10 money that the county may use under state law, except ad valorem  
11 taxes, to secure or pay any kind of bond or obligation.

12 (b) An obligation issued under 130.204 shall not be made  
13 payable by the county from ad valorem taxes.

14 Sec. 130.207. OBLIGATION AS REFINANCING. An obligation  
15 issued under Section 130.204 is a complete or partial refinancing  
16 of a commitment of the county to fund its unfunded liability.

17 Sec. 130.208. SALE OF OBLIGATIONS; MATURITY. Obligations  
18 issued under Section 130.204 may be sold at private or public sale  
19 and must not mature later than the 30th anniversary of the date of  
20 issuance.

21 Sec. 130.209. ADDITIONAL AUTHORITY; CREDIT AGREEMENTS. (a)  
22 In this section, "credit agreement" and "obligation" have the  
23 meanings assigned by Section 1371.001, Government Code.

24 Sec. 130.210. CHAPTER CONTROLLING. This subchapter  
25 prevails over any conflict between this subchapter and another law  
26 respecting the issuance of obligations of a county.

27 SECTION 2. This Act takes effect immediately if it receives

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1 a vote of two-thirds of all the members elected to each house, as  
2 provided by Section 39, Article III, Texas Constitution. If this  
3 Act does not receive the vote necessary for immediate effect, this  
4 Act takes effect September 1, 2023.