

BILL ANALYSIS

C.S.H.B. 245
By: Wilson
Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

This bill author has informed the committee that constituents have requested that the Texas Legislature clarify discrepancies in state law regarding whether an eligible member of the Employees Retirement System of Texas (ERS) may establish service credit as a law enforcement or custodial officer (LECO) in ERS for military service performed that is creditable military service in ERS. The bill author has also informed the committee that some constituents have sought to establish this service credit for creditable military service performed and these attempts have revealed conflicting interpretations of applicable statutes and administrative rules and raised questions about fairness, classification, and proper state contributions. C.S.H.B. 245 seeks to address this issue and resolve inconsistencies in the law by allowing eligible ERS members to establish LECO service credit in ERS for creditable military service performed.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 245 amends the Government Code to authorize an eligible member of the Employees Retirement System of Texas (ERS) to establish service credit as a law enforcement or custodial officer (LECO) in ERS for military service performed that is creditable military service in ERS. The bill revises the requirement for a member eligible to establish military service credit to be a member who has credit in ERS for membership service performed after the member's date of release from active military duty by specifying that the credit is established service credit. The bill establishes that a member is eligible to establish military service credit as a LECO only if the established service credit described by this requirement includes credit in ERS for membership service performed as a LECO.

C.S.H.B. 245 changes the amount of the contribution that an ERS member claiming credit in the employee class for military service not previously established must pay for each month of the service from an amount equal to the greater of the amount that the member contributed for the first full month of membership service that is after the member's date of release from active military duty and that is credited in ERS or \$18 to an amount equal to the following:

- if claiming service credit, other than service credit as a LECO, the amount that the member contributed for the first full month of membership service, other than service as a LECO, that is after the member's date of release from active military duty and that is credited in ERS; or

- if claiming service credit as a LECO, the amount that the member contributed for the first full month of membership service as a LECO that is after the member's date of release from active military duty and that is credited in ERS.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 245 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include any of the provisions from the introduced that did the following:

- established that military service is creditable as LECO service in ERS, including for the cash balance benefit plan, only if the member has credit in ERS for membership service that is creditable as LECO service and is attributable to the member's first employment occurring after the military service for which credit as a LECO is sought and one of the following conditions is met:
 - the member was not a member of ERS at any time before the military service for which credit as a LECO is sought; or
 - the member's employment immediately preceding the military service for which credit as a LECO is sought was in a position for which the service was creditable as LECO service; and
- required the ERS board of trustees to adopt rules necessary to implement the introduced version's provisions, including a rule defining "immediately."

The substitute includes provisions absent from the introduced that do the following:

- authorize an eligible member to establish service credit as a LECO in ERS for military service performed that is creditable military service in ERS;
- revise the requirement for a member eligible to establish military service credit to be a member who has credit in ERS for membership service performed after the member's date of release from active military duty by specifying that that the credit is established service credit;
- establish that a member is eligible to establish military service credit as a LECO only if the established service credit described by this requirement includes credit in ERS for membership service performed as a LECO; and
- change the amount of the contribution that an ERS member claiming credit in the employee class for military service not previously established must pay for each month of the service.