

## **BILL ANALYSIS**

Senate Research Center  
89R31956 KFF-D

C.S.H.B. 2688  
By: Harless et al. (Huffman)  
Finance  
5/21/2025  
Committee Report (Substituted)

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

The Houston Firefighters' Relief and Retirement Fund and Houston Police Officers' Pension System observed that the City of Houston is experiencing issues retaining firefighters and police officers, and are also having trouble recruiting new firefighters and police officers. C.S.H.B. 2688 seeks to help the City of Houston recruit and retain firefighters and police officers by restoring certain valuable benefits and components of the total compensation package for first responders, including changes to the deferred retirement option plan.

C.S.H.B. 2688 amends current law relating to the public retirement systems of certain municipalities.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

#### **ARTICLE 1. FIREFIGHTERS' RELIEF AND RETIREMENT FUND**

SECTION 1.01. Amends the heading to Article 6243e.2(1), Revised Statutes, to read as follows:

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

SECTION 1.02. Amends Section 1(13-e), Article 6243e.2(1), Revised Statutes, to redefine "normal retirement age."

SECTION 1.03. Redesignates Section 1(16-b), Article 6243e.2(1), Revised Statutes, as Section 1(10-a-1), Article 6243e.2(1), Revised Statutes, and amends it to define "entry age normal actuarial cost method" and delete existing definition of "ultimate entry age normal."

SECTION 1.04. Amends Sections 2(a) and (h-2), Article 6243e.2(1), Revised Statutes, as follows:

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

(h-2) Provides that, except to the extent the final action of a pension benefits committee is authorized to be appealed to the board of trustees of a fund (board), the final action of the pension benefits committee on an application for benefits constitutes the final action of the board, rather than the final action of the board including for purposes of filing an appeal to a district court under Section 12 (Appeals of Benefit Decisions) of Article 6243e.2(1) (Firefighters' Relief and Retirement Fund in Municipalities of at Least 1,600,000).

SECTION 1.05. Amends Section 4(a), Article 6243e.2(1), Revised Statutes, as follows:

(a) Provides that a member who terminates active service for any reason other than death is entitled to receive a service pension provided by Section 4 (Service Pension Benefits) 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) (relating to prohibiting a member of the fund's (member) monthly service pension from exceeding 80 percent of the member's average monthly salary) 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, rather than 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 1.06. Amends Section 5(a), (b), (b-1), (c), and (m), Article 6243e.2(1), Revised Statutes, as follows:

(a) Authorizes a member who is eligible to receive a service pension under Section 4 of this article, rather than Section 4(a)(1) (relating to providing that a member who terminates active service for any reason other than death is entitled to certain benefits if the member was hired as a firefighter before the year 2017 effective date) of this article, and who remains in active service to elect to participate in the deferred retirement option plan provided by this section. Deletes existing text prohibiting a member who is eligible to receive a service pension under Section 4(a)(2) (relating to providing that a member who terminates active service for any reason other than death is entitled to certain benefits if the member was hired or rehired as a firefighter by a certain date) of this article from electing to participate in the deferred retirement option plan provided by Section 5 (Deferred Retirement Option Plan).

(b) Makes a conforming change to this subsection.

(b-1) Prohibits an active member, on or after the year 2017 effective date, from participating in the deferred retirement option plan (DROP) for more than 15, rather than 13, years. Makes a conforming change.

(c) Makes a conforming change to this subsection.

(m) Makes a conforming change to this subsection.

SECTION 1.07. Amends Sections 8(a) and (c), Article 6243e.2(1), Revised Statutes, as follows:

(a) Deletes existing text providing that, 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. Makes a nonsubstantive change.

(c) Provides that a member who terminates active services 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 Section 8 (Deferred Pension at Age 50; Refund of Contributions) or to any

other benefit under this article. Deletes existing text providing that, 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 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.

SECTION 1.08. Amends Section 13B(a), Article 6243e.2(1), Revised Statutes, as follows:

(a) Requires that a risk sharing valuation study meet certain criteria, including, subject to Subsection (g) (relating to requiring that the assumptions and methods used to prepare the initial risk sharing valuation study be used to prepare each subsequent risk sharing valuation study) of Section 13B (Risk Sharing Valuation Studies), be based on certain assumptions and methods that are consistent with actuarial standards of practice, including an entry age, rather than an ultimate entry age, normal actuarial cost method.

SECTION 1.09. Repealer: Section 12 (Appeals of Benefit Decisions), Article 6243e.2(1), Revised Statutes.

SECTION 1.10. Makes application of Sections 1(13-e) and 4(a), Article 6243e.2(1), Revised Statutes, as amended by this Act, prospective.

SECTION 1.11. Provides that 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 1.12. Makes application of Section 8, Article 6243e.2(1), Revised Statutes, as amended by this Act, prospective.

## ARTICLE 2. POLICE OFFICERS' PENSION SYSTEM

SECTION 2.01. Amends Section 2(14-c), Article 6243g-4, Revised Statutes, to redefine "normal retirement age."

SECTION 2.02. Redesignates Section 2(26), Article 6243g-4, Revised Statutes, as Section 2(10-a-1), Article 6243g-4, Revised Statutes, and amends it to define "entry age normal actuarial cost method" and delete existing definition of "ultimate entry age normal actuarial cost method."

SECTION 2.03. Amends Section 9A(a), Article 6243g-4, Revised Statutes, as follows:

(a) Requires that a risk sharing valuation study meet certain criteria, including, subject to Subsection (g) (relating to requiring that certain assumptions and methods be used to prepare certain risk sharing valuation studies) of Section 9A (Risk Sharing Valuation Studies), be based on certain assumptions and methods that are consistent with actuarial standards of practice, including an entry age normal actuarial cost method, rather than an ultimate entry age normal actuarial method.

SECTION 2.04. Amends Section 14(b), Article 6243g-4, Revised Statutes, as follows:

(b) Authorizes an active member who has attained normal retirement age to 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 Article 6243g-4 (Police Officers Pension System in Certain Municipalities) on or after the date the member attained normal retirement age. Authorizes the election to be made, under procedures established by the board of trustees of the police officer's pension system (board), rather than under procedures established by the board, by an eligible active member who has attained the required years of service. Deletes existing text authorizing 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 services, or a court ruling after that date, and has at

least 20 years of service with the police department, to 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.

### ARTICLE 3. CONFLICTS AND EFFECTIVE DATE

SECTION 3.01. Provides that, if this Act conflicts with another Act of the 89th Legislature, Regular Session, 2025, this Act controls unless the conflict is expressly resolved by the legislature by reference to this Act.

SECTION 3.02. Effective date: September 1, 2025.