

BILL ANALYSIS

C.S.H.B. 4534
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Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that the death benefit paid by the Austin Police Retirement System to the family of an Austin Police Department (APD) officer who was fatally shot and killed in the line of duty in 2023 was less than the average benefit paid to the families of other slain officers over the last couple of decades, due to the officer's short tenure with the APD. The introduced version of H.B. 4534 proposed enhancing death benefits specifically for members of a municipal police officer retirement system covering cities with populations between 950,000 and 1,050,000 by amending internal fund management provisions and expanding lump-sum benefits for officers killed in the line of duty. C.S.H.B. 4534 seeks to create a new statewide death benefit for active peace officers enrolled in any public retirement system by providing for the issuance of a lump-sum payment of up to \$1,000,000 to the officer's surviving spouse or surviving children and by providing for the governing body of the public retirement system to determine that issuing the benefit would not jeopardize the actuarial soundness of the retirement system.

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 rulemaking authority is expressly granted to the governing body of a public retirement system in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 4534 amends the Government Code to authorize the governing body of a public retirement system by rule to provide a death benefit in the event of the death of an active member of the system who is a peace officer and who dies as the direct and proximate result of a personal injury associated with a single event and sustained in the performance of a member's employment duties as a peace officer. The bill establishes that such a death benefit is payable to the member's surviving spouse, or if the member has no surviving spouse, to the member's surviving children, in a lump sum capped at \$1,000,000. If the member has no surviving spouse or surviving children at the time of the member's death, the benefit is payable to the member's estate. The bill requires the benefit, if a member has more than one surviving child who is entitled to the benefit, to be split equally between each of the member's surviving children.

C.S.H.B. 4534 requires a rule adopted under the bill's provisions to do the following:

- require the governing body to ensure, after consulting with the system's actuary, that payment of the death benefit would not threaten the actuarial soundness of the system; and

- prohibit the system from paying the benefit if paying the benefit would threaten the actuarial soundness of the system.

The bill authorizes the system, if the system does not employ an actuary, to contract with an actuary for this purpose.

C.S.H.B. 4534 requires a governing body that adopts a death benefit under the bill's provisions to revise the system's plan documents as necessary to ensure that the system's benefit plan remains a qualified plan under applicable provisions of the federal Internal Revenue Code of 1986.

C.S.H.B. 4534 applies only to a death occurring on or after the effective date.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 4534 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 includes provisions not present in the introduced authorizing the governing body of a public retirement system by rule to provide a death benefit capped at \$1,000,000 in the event of the death of an active member of the system who is a peace officer who dies as the direct and proximate result of a personal injury associated with a single event and sustained in the performance of a member's employment duties as a peace officer and includes provisions not present in the introduced governing the payments and actuarial soundness of the system. The substitute omits related provisions from the introduced, which revised provisions governing death benefits provided under a police officer's retirement system in a municipality with a population of more than 950,000 and less than 1,050,000, as follows:

- expanded the death benefits that the police retirement system must pay out of the retiree death benefit fund by requiring, in the event of the death of a member who dies as the direct and proximate result of a personal injury associated with a single event and sustained in the performance of a member's employment duties with the police department of the city, the sum of \$1,000,000 to be payable in a lump sum to certain members of the surviving family;
- clarified that the requirement under state law for the sum of \$10,000 to be payable in a lump sum in the event of death of a member receiving a retirement benefit applies instead in the event of death of a retired member;
- replaced reference to the fund as the "retiree death benefit fund" with references to the "death benefit fund";
- established that such a death benefit is not an obligation of other funds of the retirement system; and
- revised provisions relating to the requirement for any sums transferred to the death benefit fund to be repaid to the general retirement fund of the retirement system.