By: West   S.B. No. 1527

A BILL TO BE ENTITLED

1   AN ACT

2 relating to the administration of, contributions to, and benefits

3 under the public retirement systems for police and firefighters in

4 certain municipalities.

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

6   SECTION 1.   Section 2.01, Article 6243a-1, Revised Statutes,

7 is amended by adding Subdivision (3-a) to read as follows:

8   (3-a) "Actuarially   determined   contribution   rate"

9 means for any city fiscal year, the city contribution rate:

10   (A) expressed   as   a   percentage   of   members'

11 projected aggregate computation pay for the fiscal year; and

12   (B)   actuarially determined in accordance with

13 Section 4.02 of this article.

14   SECTION 2.   Article 6243a-1, Revised Statutes, is amended by

15 adding Section 2.026 to read as follows:

16   Sec. 2.026.   ADMINISTRATIVE REQUIREMENTS.   (a) As a public

17 retirement system within the meaning of Section 802.001, Government

18 Code, the pension system is subject to and must comply with Chapter

19 802, Government Code.

20   (b) Any plan or rule adopted under former Section 2.025 of

21 this article:

22   (1) may not be implemented; and

23   (2) is unenforceable.

24   SECTION 3.   Article 6243a-1, Revised Statutes, is amended by

1 adding Section 3.014 to read as follows:

2   Sec. 3.014. CITY AND BOARD APPROVAL REQUIRED FOR CERTAIN

3 ACTIONS. Notwithstanding any other provision of this article, the

4 following actions must be approved by the board and the city council

5 if, as a result of taking the action, the action will result in an

6 increase in the pension system's liabilities:

7   (1) the settlement of any lawsuit by the board;

8   (2) any proposed increase to benefits by the board,

9 including any adjustment under Section 6.12 of this article; and

10   (3) any changes to actuarial assumptions under Section

11 2.02 of this article, including the current discount rate.

12   SECTION 4. Section 4.02, Article 6243a-1, Revised Statutes,

13 is amended by amending Subsection (d) and adding Subsections (d-1),

14 (e-1), (f), (g), (h), and (h-1) to read as follows:

15   (d) Subject to Section 4.025 of this article, the city shall

16 make contributions to the pension system biweekly using an

17 actuarially determined contribution rate with a five-year step-up

18 period beginning October 2024. Subject to Subsections (e-1) and

19 (f) of this section, the actuarially determined contribution rate

20 for any given city fiscal year is the sum of the following as

21 determined in the actuarial valuation for the plan year preceding

22 the fiscal year:

23   (1) an established 30-year closed amortization amount

24 with five-year step-up and no step-down for the unfunded actuarial

25 accrued liability and administrative expenses, determined based on

26 the January 1, 2023, actuarial valuation, as shown in the following

27 fixed dollar schedule, divided by the members' projected aggregate

1 computation pay for each city fiscal year:

City Fiscal Year Ending September 30	Amortization of January 1, 2023 Unfunded Actuarial Accrued Liability	Administrative Expenses	Total Fixed Dollar Amount
2025	$161,656,000	$7,000,000	$168,656,000
2026	$179,482,000	$7,000,000	$186,482,000
2027	$197,889,000	$7,000,000	$204,889,000
2028	$217,163,000	$7,000,000	$224,163,000
2029	$237,336,000	$7,000,000	$244,336,000
2030	$242,341,000	$7,000,000	$249,341,000
2031	$248,399,000	$7,000,000	$255,399,000
2032	$254,609,000	$7,000,000	$261,609,000
2033	$260,975,000	$7,000,000	$267,975,000
2034	$267,499,000	$7,000,000	$274,499,000
2035	$274,186,000	$7,000,000	$281,186,000
2036	$281,041,000	$7,000,000	$288,041,000
2037	$288,067,000	$7,000,000	$295,067,000
2038	$295,269,000	$7,000,000	$302,269,000
2039	$302,650,000	$7,000,000	$309,650,000
2040	$310,217,000	$7,042,000	$317,259,000
2041	$317,972,000	$7,218,000	$325,190,000
2042	$325,921,000	$7,399,000	$333,320,000
2043	$334,069,000	$7,584,000	$341,653,000
2044	$342,421,000	$7,773,000	$350,194,000
2045	$350,982,000	$7,967,000	$358,949,000
2046	$359,756,000	$8,167,000	$367,923,000
2047	$368,750,000	$8,371,000	$377,121,000
2048	$377,969,000	$8,580,000	$386,549,000
2049	$387,418,000	$8,795,000	$396,213,000
2050	$397,104,000	$9,014,000	$406,118,000
2051	$407,031,000	$9,240,000	$416,271,000
2052	$417,207,000	$9,471,000	$426,678,000
2053	$427,637,000	$9,708,000	$437,345,000
2054	$438,328,000	$9,950,000	$448,278,000

38   (2)   normal cost; and

39   (3)   subject to Subsection (d-1) of this section, new

40 amortization layers as necessary to amortize the difference between

41 the expected remaining balance of all previous years' layers and

42 the actual unfunded actuarial accrued liability for the given

43 valuation [in an amount equal to the sum of:

44   [(1)   the greater of:

45   [(A)   34.5 percent of the aggregate computation

3

1 pay paid to members during the period for which the contribution is

2 made; or

3   [(B) the applicable amount set forth below:

4   [(i) $5,173,000 for the biweekly pay

5 periods beginning with the first biweekly pay period that begins

6 after September 1, 2017, and ends on the last day of the first

7 biweekly pay period that ends after December 31, 2017;

8   [(ii) $5,344,000 for the 26 biweekly pay

9 periods immediately following the last biweekly pay period

10 described by Subparagraph (i) of this paragraph;

11   [(iii) $5,571,000 for the 26 biweekly pay

12 periods immediately following the last biweekly pay period

13 described by Subparagraph (ii) of this paragraph;

14   [(iv) $5,724,000 for the 26 biweekly pay

15 periods immediately following the last biweekly pay period

16 described by Subparagraph (iii) of this paragraph;

17   [(v) $5,882,000 for the 26 biweekly pay

18 periods immediately following the last biweekly pay period

19 described by Subparagraph (iv) of this paragraph;

20   [(vi) $6,043,000 for the 26 biweekly pay

21 periods immediately following the last biweekly pay period

22 described by Subparagraph (v) of this paragraph;

23   [(vii) $5,812,000 for the 26 biweekly pay

24 periods immediately following the last biweekly pay period

25 described by Subparagraph (vi) of this paragraph;

26   [(viii) $6,024,000 for the 26 biweekly pay

27 periods immediately following the last biweekly pay period

4

1 ~~described by Subparagraph (vii) of this paragraph through the~~

2 ~~biweekly pay period that ends after December 31, 2024; and~~

3 [~~(ix) $0 for each subsequent biweekly pay~~

4 ~~period beginning with the first biweekly pay period following the~~

5 ~~last biweekly pay period described by Subparagraph (viii) of this~~

6 ~~paragraph; and~~

7 [~~(2) except as provided by Subsection (e) of this~~

8 ~~section, an amount equal to 1/26th of $13 million~~].

9 (d-1) For purposes of Subsection (d)(3) of this section, new

10 amortization layers must be amortized over a closed amortization

11 period of 20 years or until January 1, 2053, whichever is later. If

12 the actuarial assets of the fund exceed the actuarial liabilities

13 for a given valuation, the outstanding layers may be collapsed into

14 a single layer with a closed amortization period of 20 years or

15 until January 2, 2053, whichever is later.

16 (e-1) Before September 1 of each year, the pension system's

17 qualified actuary and the city's actuary shall respectively

18 calculate and recommend an actuarially determined contribution

19 rate for the following city fiscal year. If the difference between

20 the recommended rates is:

21 (1) three percent or less, the actuarially determined

22 contribution rate shall be the rate recommended by the pension

23 system's qualified actuary; or

24 (2) greater than three percent, the board and the city

25 council shall engage in a 30-day reconciliation period:

26 (A) during which, if the pension system's

27 qualified actuary and the city's actuary reconcile their respective

calculations, the reconciled rate shall be the actuarially

determined contribution rate; or

(B) at the conclusion of which, if the pension

system's qualified actuary and the city's actuary do not reconcile

their respective calculations, the average of the rates recommended

by each actuary under this section shall be the actuarially

determined contribution rate.

(f) If in any plan year the actuarially determined

contribution rate, excluding the amounts provided under Subsection

(d)(1) of this section, is outside of the minimum or maximum rates

shown in the following schedule, the difference between the

actuarially determined contribution rate and the minimum or

maximum, as applicable, will be amortized over a closed period of 20

years or until January 1, 2053, whichever is later:

Plan Year	City Fiscal Year Ending September 30	Minimum Rate	Maximum Rate
2023	2025	6.78%	6.78%
2024	2026	6.66%	6.66%
2025	2027	6.57%	6.57%
2026	2028	6.51%	6.51%
2027	2029	6.45%	6.45%
2028	2030	1.39%	11.39%
2029	2031	1.34%	11.34%
2030	2032	1.29%	11.29%
2031	2033	1.25%	11.25%
2032	2034	1.21%	11.21%
2033	2035	1.17%	11.17%
2034	2036	1.14%	11.14%
2035	2037	1.12%	11.12%
2036	2038	1.09%	11.09%
2037	2039	1.06%	11.06%
2038	2040	1.03%	11.03%
2039	2041	0.99%	10.99%
2040	2042	0.97%	10.97%
2041	2043	0.95%	10.95%
2042	2044	0.94%	10.94%
2043	2045	0.95%	10.95%
2044	2046	0.96%	10.96%
2045	2047	0.96%	10.96%

2046	2048	0.96%	10.96%
2047	2049	0.96%	10.96%
2048	2050	0.96%	10.96%
2049	2051	0.96%	10.96%
2050	2052	0.96%	10.96%
2051	2053	0.96%	10.96%
2052	2054	0.96%	10.96%

(g) If the city council determines that the fund is projected to be fully funded in over 30 years, the city council may, in its sole discretion, waive the requirements of Subsection (f) of this section. The board may recommend to the city council that the city council waive the requirements of Subsection (f) of this section.

(h) Notwithstanding Subsection (d) or any other provision of this section, for the city's fiscal years ending September 30, 2025, through September 30, 2029, the city contribution amount may not under any circumstances exceed the sum of:

(1) the applicable fixed dollar amount under Subsection (d)(1) of this section; and

(2) the maximum percentage provided under Subsection (f) of this section multiplied by the members' projected aggregate computation pay for the applicable city fiscal year.

(h-1) This subsection and Subsection (h) of this section expire October 1, 2029.

SECTION 5. Section 3.014, Article 6243a-1, Revised Statutes, as added by this Act, applies only to an action taken on or after the effective date of this Act.

SECTION 6. The following provisions of Article 6243a-1, Revised Statutes, are repealed:

(1) Section 2.025; and

1   (2) Section 4.02(e).

2   SECTION 7. This Act takes effect immediately if it receives

3 a vote of two-thirds of all the members elected to each house, as

4 provided by Section 39, Article III, Texas Constitution. If this

5 Act does not receive the vote necessary for immediate effect, this

6 Act takes effect September 1, 2025.