

BILL ANALYSIS

Senate Research Center
76R9770 GCH-F

C.S.S.B. 1129
By: Armbrister
State Affairs
4/8/1999
Committee Report (Substituted)

DIGEST

Currently, several aspects of the Texas County and District Retirement System are out-of-date and lack cohesion. C.S.S.B. 1129 streamlines, clarifies, updates, eliminates obsolete provisions, and standardizes language or regulations relating to the Texas County and District Retirement System.

PURPOSE

As proposed, C.S.S.B. 1129 streamlines, clarifies, updates, eliminates obsolete provisions, and standardizes language or regulations relating to the Texas County and District Retirement System.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 841.001, Government Code, by amending Subdivision (5) and adding Subdivisions (16) and (17), as follows:

(5) Redefines “compensation.”

(16) Defines “supplemental death benefit program.”

(17) Defines “vested member.”

SECTION 2. Amends Section 842.004, Government Code, by adding Subsection (e) and redesignating existing Subsection (e) as Subsection (f). Authorizes a subdivision to terminate coverage and participation in the supplemental death benefit program, if the subdivision gives written notice by a certain deadline. Provides that termination is effective January 1 of the year following notification of termination. Makes a conforming change.

SECTION 3. Amends Chapter 842A, Government Code, by adding Section 842.008, as follows:

Sec. 842.008. NO PARTICIPATION FOR EMPLOYEES HIRED AFTER ELECTION. Prohibits a participating subdivision from terminating participation in the retirement system, under certain circumstances. Requires the subdivision to contribute at a certain rate, if the subdivision has an annually determined rate plan, for a certain amount of time. Sets forth allocation priorities for the subdivision accumulation fund. Requires that first priority be given to members who leave their contributions in the system, and sets forth provisions for determining the ratio of certain assets and contributions. Requires that second priority be given to other credits and annuities, without differentiation, and sets forth provisions for determining the ratio. Prohibits a subdivision with certain asset allocations from enrolling new members without board of trustee approval. Sets forth certain prohibitions for board of trustee approval. Prohibits a certain increase of annuities and credits for a subdivision that does not enroll new members. Establishes the end of the subdivision’s participation in the retirement system, and procedures following the cessation. Sets forth requirements for the annuities and credits contributed by new retirement system members. Authorizes the subdivision to determine certain contribution procedures.

SECTION 4. Amends Chapter 842A, Government Code, by adding Section 842.009, as follows:

Sec. 842.009. **SIGNIFICANT REDUCTION IN NUMBER OF CONTRIBUTING MEMBERS.** Reallocates subdivision account assets as approved by the board of trustees, if the subdivision reduces a certain percentage of its employees for a certain period of time. Requires the subdivision to contribute at a certain rate, if the subdivision has an annually determined rate plan, for a certain amount of time. Requires that first priority be given to members who leave their contributions in the system, and sets forth provisions for determining the ratio of certain assets and contributions. Requires that second priority be given to other credits and annuities, without differentiation, and sets forth provisions for determining the ratio. Prohibits specific increases of certain annuities and credits if certain authorities do not approve of ending a certain allocation. Requires certain procedures for certain annuities and credits if a certain allocation is ended. Authorizes the subdivision to determine certain contribution procedures.

SECTION 5. Amends Chapter 842A, Government Code, by adding Section 842.010, as follows:

Sec. 842.010. **REDUCTION TO NO CONTRIBUTING MEMBERS.** Requires assets in an effectively nonexistent subdivision to be allocated under actuarial determined priorities. Provides that service retirement is allowed at age 60, with at least four years of credited service. Sets forth first and second priority allocation provisions. Prohibits a certain subdivision from enrolling new members without board of trustee approval. Prohibits board of trustee approval without the subdivision's adoption of a certain resolution provided by Chapter 844H, Government Code. Prohibits specific increases of certain annuities and credits if a participating subdivision is not enrolling certain new members. Sets forth provisions for the subdivision's cessation of participation in the retirement system in the case of nonenrollement of employees of that system. Sets forth a requirement and prohibition for a subdivision who begins to enroll new members. Authorizes the subdivision to contribute a lump-sum deposit, before a certain deadline.

SECTION 6. Amends Section 842.105, Government Code, to provide that a subdivision employee works for a community supervision and corrections department, rather than a judicial district probation department, under Section 76.006, Government Code, rather than Article 42.12, Code of Criminal Procedure.

SECTION 7. Amends Section 842.106(a), Government Code, to provide that a person previously ineligible for membership in a certain system, is now eligible, and clarifies that a person cannot concurrently be eligible for credit in multiple systems. Provides that enforcement of this provision is the subdivision's responsibility. Makes conforming and nonsubstantive changes.

SECTION 8. Amends Section 842.108(a), Government Code, to provide that a certain person is authorized, by written application, to withdraw from retirement system membership, and sets forth payments made to that person subsequent to withdrawal. Deletes text regarding accounts.

SECTION 9. Amends Section 842.109, Government Code, to provide that a person continues retirement system membership when performing certain qualified military service, and if the person applies for reemployment after being discharged from military service under honorable conditions for a maximum period of two years, rather than one year can be reemployed. Deletes text regarding credited service, active duty service, and conscription. Makes conforming changes.

SECTION 10. Amends Section 842.110(f), Government Code, to authorize the person's spouse to elect payment as provided by Section 844.407, rather than 844.105(c), Government Code, if the person dies before a certain payment is made.

SECTION 11. Amends Section 842.111(c), Government Code, to make conforming changes.

SECTION 12. Amends Section 842.112, Government Code, to set forth provisions, including deadlines for action, regarding errors affecting monthly reports. Makes conforming and nonsubstantive changes.

SECTION 13. Amends Section 842.112, Government Code, by adding Subsections (j) and (k), as follows:

(j) Provides that if a person is ordered to be reinstated, and to receive retroactive retirement credit, then the retirement system is required to grant the service credit under certain circumstances.

(k) Provides that if a person forfeits service credit resulting from the withdrawal of certain contributions, then the person is eligible to reestablish credit under Section 843.003, Government Code. Describes and sets forth limitations for forfeited credit.

SECTION 14. Amends Section 843.105(d), Government Code, to delete the specification that interest is earned for each whole year on certain service credit.

SECTION 15. Amends Section 843.201(d), Government Code, to provide that allocated prior service credits are allowable for a subdivision only by a certain determination of the retirement system's actuary. Deletes text regarding certain certification, and certain contribution rates.

SECTION 16. Amends Section 843.203(a), Government Code, to set forth provisions for the authorization of a governing body to make a lump-sum deposit to certain accounts in the retirement system. Authorizes the amendment of an agreement under this section subject to board of trustee approval.

SECTION 17. Amends Section 843.403(d), Government Code, to delete the specification that interest is earned for each whole calendar year on certain service credit.

SECTION 18. Amends Section 843.501, Government Code, to prohibit the establishment of multiple service credit under a program established under state law. Deletes text regarding member deposits. Makes a conforming change.

SECTION 19. Amends Section 843.601, Government Code, as follows:

Sec. 843.601. New heading: **CURRENT SERVICE FOR QUALIFIED MILITARY SERVICE.** Defines "qualified military service." Entitles all members of the retirement system to receive credit for qualified military service. Authorizes the board of trustees to adopt rules for compliance with provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994. Authorizes the establishment of credit in the retirement system for qualified military service. Sets forth a provision for current service for military duty. Sets forth provisions for a maximum amount of credited service. Deletes a specification that credit is prohibited for service while an individual is simultaneously gaining credit through another state program. Deletes text regarding military service, times of organized conflict, member eligibility, credit establishment, member deposits, and maximum amount of credited service. Makes a conforming change.

SECTION 20. Amends Section 843.701, Government Code, to prohibit the governing body of a subdivision from increasing service credits under Section 843.105, except as provided by Chapter 844H, Government Code, rather than previously granted credits. Makes conforming changes.

SECTION 21. Amends Section 843.703, Government Code, to make conforming changes. Deletes text regarding a percentage increase in multiple matching credits.

SECTION 22. Amends Section 844.002(c), Government Code, to provide that a supplemental annuity is subject to reduction under Section 842.008(d), 842.009(d), and 842.010(c), Government Code, rather than Section 842.004(c), Government Code.

SECTION 23. Amends Section 844.003, Government Code, by amending Subsections (b) and (c) and adding Subsection (d). Provides that a member's eligibility is described under Section 844.407, Government Code, rather than other sections. Requires the effective date of a member's disability retirement to be the last day of a calendar month. Prohibits a member's effective retirement date from preceding other dates. Deletes text regarding the anniversary of a membership.

SECTION 24. Amends Section 844.006, Government Code, by amending Subsection (c), and adding Subsections (c) and (f). Sets forth provisions regarding a retiree's authorization to revoke the death beneficiary designation. Authorizes the retirement system, by rule, to establish requirements for this section's administration. Deletes text regarding designation of a beneficiary.

SECTION 25. Amends Sections 844.007(a) and (b), Government Code, to delete text providing an exception to prescribed adjustments, and current and supplemental interest deadlines. Makes conforming and nonsubstantive changes.

SECTION 26. Amends Section 844.101, Government Code, to provide that a member is authorized to apply for a service retirement annuity by a certain deadline designated on the application, rather than not less than 15 days before the member's effective retirement date.

SECTION 27. Amends Section 844.102, Government Code, to provide that a member is eligible to apply for a service retirement annuity by fulfilling certain qualifications, including meeting requirements under Sections 844.207, 844.210, or 844.211, Government Code. Deletes text regarding retirement deadlines and employment termination. Makes a conforming change.

SECTION 28. Amends Section 844.104(j), Government Code, to provide that a certain deceased retiree is considered to have made a selection under Subsection (c)(7), rather than (c)(4), under certain conditions.

SECTION 29. Amends Section 844.202, Government Code, as follows:

Sec. 844.202. New heading: VESTED ELIGIBILITY TO FUTURE RETIREMENT. Authorizes a vested member to terminate employment with all participating subdivisions, rather than the subdivision. Creates qualifications authorizing a vested member to be eligible to receive a service retirement annuity. Deletes text regarding the entity authorized to authorize an employee to take certain actions, a qualification for eligibility to receive an annuity, and a prohibition against a governing body's authorization.

SECTION 30. Amends Section 844.207, Government Code, to redefine "Section 844.207 credited service." Provides that a member younger than age 60 is eligible to apply for a retirement annuity. Includes a member who has a minimum of 10 years of Section 844.207 credited service is a vested member. Creates a formula for calculating a member's eligibility to receive a service retirement benefit. Deletes text regarding deadlines, timelines, qualifications, and provisions for eligibility to receive a service retirement annuity. Makes nonsubstantive and conforming changes.

SECTION 31. Amends Section 844.209, Government Code, as follows:

Sec. 844.209. New heading: ALTERNATIVE OPTIONAL INCREASE IN RETIREMENT ANNUITIES. Authorizes the governing body of a participating subdivision to increase certain annuities, under certain conditions. Prohibits the governing body of the subdivision from increasing a retirement annuity under Sections 844.208 and 844.209, Government Code, in the same 12-month period. Sets forth provisions for the application and amount of increases. Sets forth January 1 as the effective date of a certain governing body's order or resolution, and provides an exception. Sets forth reducibility and payment procedures for an annuity increase. Limits the authorization of a governing body to adopt an order or resolution. Deletes text regarding subdivision participation in the retirement system, receipt of an annuity, prohibitions against the governing body of a subdivision from adopting certain provisions, ability to pay certain benefits, designation of multiple beneficiaries for a member's accumulated contributions, and certain conditions having to do with a member's death prior to valid beneficiary designation.

SECTION 32. Amends Section 844.210, Government Code, to provide that a member younger than age 60 is eligible to apply for a service retirement annuity. Provides that a member who has a minimum of eight years of credited service is a vested member. Creates a formula for calculating a member's eligibility to receive a service retirement benefit. Deletes text regarding service retirement annuity timelines, membership termination, selection of an optional service retirement annuity, and eligibility to receive a disability retirement annuity. Makes conforming and nonsubstantive changes.

SECTION 33. Amends Section 844.211, Government Code, to provide that a member younger than age 60 is eligible to apply for a service retirement annuity. Creates a formula for calculating a member's eligibility to receive a service retirement benefit. Makes conforming and nonsubstantive changes.

SECTION 34. Amends Section 844.301(b), Government Code, to require the filing of a certain application on or before, rather than not less than 15 days before, the effective retirement date designated on the application.

SECTION 35. Amends Section 844.302, Government Code, to provide that a member who is not a vested member is eligible to apply for a disability retirement annuity. Prohibits a member from disability eligibility prior to certain effective dates. Deletes text specifying years of credited service. Makes

conforming changes.

SECTION 36. Amends Section 844.303(b), Government Code, to require the medical board to take certain actions if it finds in the case of a member who is not a vested member, rather than a member who has a certain lack of credited service years. Makes conforming changes.

SECTION 37. Amends Section 844.305(h), Government Code, to provide that a retiree who dies prior to making a certain selection is considered to have chosen an optional annuity under Subsection (c)(7), rather than (c)(4).

SECTION 38. Amends Chapter 844E, Government Code, by adding Section 844.407, as follows:

Sec. 844.407. SURVIVOR ANNUITY DEATH BENEFIT. Defines “eligible member.” Sets forth procedures for the selection and payment of an annuity. Authorizes an eligible member to file a selection of an optional service retirement annuity. Authorizes a certain member to name a certain beneficiary who will be entitled to take certain actions. Sets forth required provisions for an unrevoked application for deferred service retirement. Authorizes a member to change certain optional annuity selections at any time prior to retirement or death. Sets forth provisions for the death of an eligible member, and lack of a surviving spouse. Sets forth provisions for the computation of an annuity payable under this section. Requires certain payment procedures regarding survivor annuity.

SECTION 39. Amends Chapter 844E, Government Code, by adding Section 844.408, as follows:

Sec. 844.408. NO SURVIVING SPOUSE, EXECUTOR, OR ADMINISTRATOR. Defines “heirs.” Authorizes the heirs of a deceased member to make an election under Section 844.407, Government Code, under certain conditions. Authorizes the retirement system to accept a certain affidavit under certain conditions. Sets forth requirements for the affidavit. Authorizes the heirs concurrent with system approval, to make the election upon affidavit approval and unanimous agreement among the heirs.

SECTION 40. Amends Sections 844.502(a)-(d), Government Code, to provide that a certain member may be, rather than is, eligible to receive certain coverage under, rather than on complying with the terms of, this section. Provides that a member who dies within a certain time frame is considered to have received, rather than is entitled to receive certain coverage, if the retirement system receives certain evidence and statements after the member’s death. Provides that a member who applied for and received extended program coverage before September 1, 1999, remains covered by the supplemental death benefit program. Deletes text regarding leave of absence, evidence of a required contribution, and evidence of illness or injury. Makes conforming changes.

SECTION 41. Amends Section 844.505, Government Code, to provide that certain eligibility is established under Section 844.407, rather than 844.105, Government Code. Sets forth procedures regarding which entity can receive a benefit payment. Deletes text regarding the estate of the covered member or retiree.

SECTION 42. Amends Sections 844.605(b) and (c), Government Code, to authorize a supplemental contribution rate to exceed an actuarial determined rate, rather than prohibiting a supplemental contribution rate from exceeding four percent of covered payroll. Clarifies the timeline allowing an actuary to make a certain determination.

SECTION 43. Amends Section 844.606, Government Code, by adding Subsection (f), to create a formula for calculating multiple matching credits.

SECTION 44. Amends Section 844.608(a), Government Code, to delete the application of Sections 845.402(c)-(d), Government Code, regarding the reduction of a subdivision’s member contribution rate.

SECTION 45. Amends Section 844.702, Government Code, to authorize the governing body of the subdivision to change the contribution rate, in accordance with, rather than notwithstanding, the provisions of Sections 845.402(b) and (c), rather than (c) and (d), Government Code. Authorizes the reduction of a subdivision’s member contribution rate if necessary under Section 844.703(h), rather than 844.608(b), Government Code.

SECTION 46. Amends Sections 844.703(c), (d), (g), and (h), Government Code, to provide an exception regarding a governing body's election to waive a certain limitation. Sets forth provisions regarding the waiver. Provides that if the governing body of the subdivision has not waived a certain maximum rate, then consequences will follow regarding the required reduction of a prior service contribution rate. Provides that the governing body is authorized to take a certain action, unless the governing body has elected to waive a certain maximum rate. Provides that certain actions result if the governing body of the subdivision has not waived a certain maximum rate. Makes conforming changes.

SECTION 47. Amends Sections 844.704(c)-(e), Government Code, to provide that the governing body adopts the survivor annuity death benefit described by Section 844.207, Government Code. Authorizes a certain governing body of a subdivision to adopt the alternative optional increase in retirement annuities, rather than a certain optional benefit, under Section 844.209, Government Code. Authorizes a certain governing body of a subdivision to adopt a certain authorization under Section 843.601(c), rather than other sections of the Government Code. Authorizes a certain governing body of a subdivision to adopt the optional authorization to establish certain premembership credited service under Section 843.204, Government Code, rather than a certain optional election. Prohibits the governing body from adopting certain benefits, unless a waiver under this section is in effect.

SECTION 48. Amends Section 845.105, Government Code, to delete text regarding requirement for a note or bond issued under this section, a requirement for the board of trustees, and certain maximum indebtedness.

SECTION 49. Amends Chapter 845B, Government Code, by adding Section 845.116, as follows:

Sec. 845.116. ELECTRONIC TRANSFER OF FUNDS AND ELECTRONIC FILING OF DOCUMENTS. Defines "electronic filing" and "electronic transfer." Authorizes the board of trustees to adopt rules regarding electronic transfers and filings. Sets forth provisions for proper and timely filing of certain required funds and documents.

SECTION 50. Amends Section 845.306, Government Code, to require the retirement system to deposit in a certain account and fund, the amount, if any, deposited by a member in accordance with Section 843.601(b), rather than 843.601(e), Government Code. Deletes text regarding the retirement system's required deposits, and a prohibition against paying interest on a person's individual account. Makes conforming changes.

SECTION 51. Amends Section 845.307(a), Government Code, to require the retirement system to deposit amounts deposited by the subdivision under Section 845.408, Government Code. Deletes text regarding interest, certain sections of the Government Code, and certain matching contributions. Makes a conforming change.

SECTION 52. Amends Section 845.310(f), Government Code, to require the retirement system to make a certain deposit as provided by Section 845.505, rather than 845.503, Government Code.

SECTION 53. Amends Section 845.312, Government Code, to delete text regarding the supplemental death benefits fund, the operative date, and the effective participation date.

SECTION 54. Amends Section 845.315(b), Government Code, to provide that subdivision participation cessation is regulated by Section 845.317(a), Government Code.

SECTION 55. Amends Chapter 845E, Government Code, to create a new heading, as follows:

SUBCHAPTER E. COLLECTION OF CONTRIBUTIONS

SECTION 56. Amends Section 845.403(j), Government Code, to provide that certain contributions are required to be subjected to tax treatment determinations under Section 414(h) of the United States Internal Revenue Code of 1986. Deletes text regarding the withholding of federal income taxes.

SECTION 57. Amends Section 845.404(a), Government Code, to require each participating subdivision to pay the contributions that a subdivision is required to make under this subtitle. Deletes text regarding contributions under certain sections of the Government Code.

SECTION 58. Amends Section 845.406, Government Code, to authorize the board of trustees to lend money to the supplemental death benefits fund, under certain conditions. Sets forth terms of the loan, and authorizes the board of trustees to adjust future contributions to repay the loan. Deletes text regarding a certain insufficient balance, and a certain ultimatum regarding the total number of members covered by the supplemental death benefits fund. Makes conforming and nonsubstantive changes.

SECTION 59. Amends Chapter 845E, Government Code, by adding Section 845.407, as follows:

Sec. 845.407. PENALTY FOR LATE CONTRIBUTIONS. Creates a penalty for a participating subdivision which fails to provide certain information, or to pay certain contributions. Sets forth a formula for determining the amount of penalty, and depositing procedures. Provides that payment and required reports are effectively made when received by the retirement system.

SECTION 60. Amends Chapter 845E, Government Code, by adding Section 845.408, as follows:

Sec. 845.408. ADDITIONAL OPTIONAL DEPOSITS BY SUBDIVISIONS. Authorizes the governing body of a subdivision to deposit certain lump-sum payments. Prohibits the withdrawal of a payment after it has been deposited.

SECTION 61. Amends Section 845.505(e), Government Code, to delete the provision that an account is considered closed under certain conditions of Subsection (b).

SECTION 62. Authorizes a certain subdivision participating in the Texas County and District Retirement System to elect to have Section 844.407(a)(1), Government Code, apply to the subdivision, and provides that the procedure to release from obligation is by filing a certain notice prior to December 31, 1999.

SECTION 63. Government Code repealers:

- (1) Section 842.005 (Termination of Subdivision Participation).
- (2) Section 843.202 (Prior Military Services).
- (3) Section 843.404 (Reestablishment of Certain Service).
- (4) Section 843.603 (Current Service for Reemployed Veterans).
- (5) Section 843.702 (Recomputation of Service Credits).
- (6) Sections 844.007(d)-(g) (regarding adjustments applicable to midyear retirements).
- (7) Section 844.105 (Selection of Optional Service Retirement Annuity).
- (8) Section 844.106 (Selection of Optional Service Retirement Annuity by Certain Members).
- (9) Section 844.107 (Additional Deferred Retirement Benefit Selection).
- (10) Section 844.108 (No Surviving Spouse, Executor, or Administrator).
- (11) Section 844.201 (Conditions for Optional Benefits).
- (12) Section 844.203 (Optional Selection of Optional Annuity by Certain Members).
- (13) Section 844.204 (Optional Selection of Optional Annuity by Certain Other Members).
- (14) Section 844.205 (Optional Increase in Annuities for Current Service).
- (15) Section 844.206 (Optional Increase in Annuities for Prior Service).
- (16) Sections 844.502(e) and (f) (regarding extended supplemental Death Benefit Coverage).

SECTION 64. Effective date: December 31, 1999.

Effective date for SECTIONS 13, 16, 62, and 64: September 1, 1999.

SECTION 65. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 18.

Amends Section 843.501(b), Government Code, to make a nonsubstantive change.

SECTION 62.

Provides that an election will determine whether or not Section 844.407(a)(1), Government Code, applies to the subdivision, rather than the matter of the subdivision becoming subject to Section 844.407, Government Code.