

BILL ANALYSIS

Senate Research Center

H.B. 3392
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State Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Municipal Retirement System (TMRS) requires annuity checks to be suspended when a retiree returns to work for the same municipality the person retired from. This created an unusual problem for certain water department workers in Laredo, who retired when the city privatized the water department, but later resumed working for the department when the city reversed the privatization decision two years later. Because TMRS requires annuity checks to be suspended when a retiree returns to work for the same municipality, those employees who wished to continue working are faced with forfeiting their pension payments in order to do so.

H.B. 3392 prohibits TMRS from suspending the pension plan annuity payments of a TMRS member who returned to work for a department of the same municipality if that department was privatized and the member later resumes employment in the same department or a successor department.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 852.108(a) and (b), Government Code, as follows:

- (a) Provides that in Section 852.1085, a person's reemploying municipality is the municipality for which the person was performing creditable service at the time of the person's retirement under this subtitle (Texas Municipal Retirement System).
- (b) Makes a conforming change.

SECTION 2. Amends Subchapter B, Chapter 852, Government Code, by adding Section 852.1085, as follows:

Sec. 852.1085. RESUMPTION OF SERVICE WITH SAME EMPLOYER BY CERTAIN RETIREES. Provides that a person who retired because the department in the municipality in which the person worked was privatized and who later resumes employment in the same department or a successor department in the person's reemploying municipality again becomes a member of the Texas Municipal Retirement System (TMRS) and the person's retirement annuity is not suspended in the same manner provided by Section 852.109 (Resumption of Service with Different Employer by Retiree) for a person who resumes employment with a different municipality, notwithstanding Section 852.108 (Resumption of Service with Same Employer by Retiree).

SECTION 3. Amends Subchapter E, Chapter 855, Government Code, by adding Section 855.4011, as follows:

Sec. 855.4011. ADDITIONAL MEMBER CONTRIBUTIONS. Requires TMRS, to the extent a contribution under this section does not affect the status of the retirement system's benefit plan as a qualified plan under Section 855.607 (Plan Qualification), to provide a 60-day period each year during which a member is authorized to make an

additional member contribution into the member's individual account in an amount determined by the member. Authorizes the participating municipality, at its option, to match the amount of a member's contribution under this section.

SECTION 4. (a) Entitles a person who resumed employment after retirement and whose annuity was suspended under Section 852.108, Government Code, as that section existed before amendment by this Act, to the resumption of monthly annuity payments if the person meets the requirements of Section 852.1085, Government Code, as added by this Act.

(b) Requires TMRS to resume making monthly annuity payments to a person described by Subsection (a) of this section on the first payment date occurring on or after this Act's effective date.

(c) Provides that a person who is entitled to the resumption of monthly annuity payments under this section is not entitled to recover payment for annuity payments not made during the period the person's annuity was suspended under Section 852.108, Government Code, as that section existed before amendment by this Act.

SECTION 5. Effective date: upon passage or September 1, 2007.