

## **BILL ANALYSIS**

C.S.H.B. 3056  
By: Meyer  
Pensions  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

According to interested parties, certain local fire fighters retirement funds, such as those in University Park in Dallas, have problems and are in need of a sustainable solution. C.S.H.B. 3056 seeks to provide a solution by providing for the participation in the Texas Municipal Retirement System by certain employees of certain municipalities subject to the Texas Local Fire Fighters Retirement Act.

### **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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3056 amends the Texas Local Fire Fighters Retirement Act, Vernon's Texas Civil Statutes, to authorize the governing body of a municipality with a population of less than 200,000 that is located in a county with a population of not less than two million and not more than four million, that has a regularly organized fire department for which a retirement system and fund have been established under the act, and that before January 1, 2017, has one or more departments participating in the Texas Municipal Retirement System (TMRS) to adopt one or more ordinances to exclude from participation in the retirement system employees of the fire department first hired on or after the closure effective date, defined by the bill as the first day of the second month after the month in which TMRS receives certain retirement system plan documents under the bill's provisions. The bill requires the governing body of such a municipality, if the governing body adopts an ordinance under the bill's provisions, to concurrently adopt an ordinance to allow the employees described by the ordinance to participate in TMRS. The bill requires the municipality, not later than the 60th day after the date such an ordinance is adopted, to submit the ordinance to an election of the participating members of the retirement system established in the municipality and requires a majority of the participating members to vote in favor of the ordinance for the ordinance to be approved at the election. The bill requires, if the voting members approve such an ordinance, the board of trustees of the retirement system to amend the retirement system plan documents as necessary to be consistent with the approved ordinance and the municipality to give written notice of the election results to TMRS and include copies of the relevant ordinances and any amended retirement system plan documents. The bill requires all actions authorized or required to be taken by the bill after a municipality adopts ordinances under the bill's provisions to be completed before October 1, 2018, and, if all such actions are not completed by October 1, 2018, requires TMRS to publish notice to that effect in the Texas Register as soon as practicable after that date and sets both the

ordinances and the bill to expire on that date.

C.S.H.B. 3056 amends the Government Code to establish that the term "department" in the context of TMRS includes employees of a municipality to which the bill applies who are allowed to participate in TMRS because the municipality completed all actions authorized or required by the bill within the time prescribed. If the applicable municipality fails to complete all authorized or required actions before October 1, 2018, these provisions expire on that date.

### **EFFECTIVE DATE**

September 1, 2017.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3056 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

#### **INTRODUCED**

SECTION 1. The Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes) is amended by adding Section 31A to read as follows:

Sec. 31A. AUTHORITY OF CERTAIN RETIREMENT SYSTEMS TO EXCLUDE CERTAIN PERSONS FROM COVERAGE. (a) In this section, "closure effective date" means the first day of the second month after the month in which the Texas Municipal Retirement System receives retirement system plan documents under Subsection (f)(2) of this section.

(b) This section applies only to a municipality:

- (1) with a population of less than 200,000;
- (2) that is located in a county with a population of not less than 2 million and not more than 4 million;
- (3) that has a regularly organized fire department for which a retirement system and fund have been established under Section 4 of this Act; and
- (4) that before January 1, 2017, has one or more departments participating in the Texas Municipal Retirement System.

(c) Subject to the requirements of this section, the governing body of a municipality subject to this section may adopt one or more ordinances to exclude from participation in the retirement system employees of the fire department hired on or after the closure effective date.

(d) If the governing body of a municipality adopts an ordinance under Subsection (c) of

#### **HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. The Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes) is amended by adding Section 31A to read as follows:

Sec. 31A. AUTHORITY OF CERTAIN RETIREMENT SYSTEMS TO EXCLUDE CERTAIN PERSONS FROM COVERAGE. (a) In this section, "closure effective date" means the first day of the second month after the month in which the Texas Municipal Retirement System receives retirement system plan documents under Subsection (f)(2) of this section.

(b) This section applies only to a municipality:

- (1) with a population of less than 200,000;
- (2) that is located in a county with a population of not less than 2 million and not more than 4 million;
- (3) that has a regularly organized fire department for which a retirement system and fund have been established under Section 4 of this Act; and
- (4) that before January 1, 2017, has one or more departments participating in the Texas Municipal Retirement System.

(c) Subject to the requirements of this section, the governing body of a municipality subject to this section may adopt one or more ordinances to exclude from participation in the retirement system employees of the fire department **first** hired on or after the closure effective date.

(d) If the governing body of a municipality adopts an ordinance under Subsection (c) of

this section, the governing body shall concurrently adopt an ordinance to allow the employees described by the ordinance to participate in the Texas Municipal Retirement System.

(e) Not later than the 60th day after the date an ordinance is adopted under Subsection (c) of this section, the municipality shall submit the ordinance to an election of the participating members of the retirement system established in the municipality. To be approved at the election, a majority of the participating members must vote in favor of the ordinance.

(f) If the voting members approve an ordinance under Subsection (e) of this section, as soon as practicable after the date of the election:

(1) the board of trustees of the retirement system shall amend the retirement system plan documents as necessary to be consistent with the approved ordinance; and  
(2) the municipality shall give written notice of the results of the election to the Texas Municipal Retirement System and include copies of the relevant ordinances and any amended retirement system plan documents.

(g) If a municipality adopts ordinances under Subsections (c) and (d) of this section, all subsequent actions authorized or required by this section must be completed not later than October 1, 2018.

If all subsequent actions are not completed by October 1, 2018, the ordinances adopted under Subsections (c) and (d) of this section expire on that date.

SECTION 2. Section 851.001(7), Government Code, is amended to read as follows:

(7) "Department" means:

(A) a recognized division performing a governmental or proprietary function of a municipality; and

(B) if applicable, employees allowed to participate in the retirement system in accordance with Section 31A, Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes).

this section, the governing body shall concurrently adopt an ordinance to allow the employees described by the ordinance to participate in the Texas Municipal Retirement System.

(e) Not later than the 60th day after the date an ordinance is adopted under Subsection (c) of this section, the municipality shall submit the ordinance to an election of the participating members of the retirement system established in the municipality. To be approved at the election, a majority of the participating members must vote in favor of the ordinance.

(f) If the voting members approve an ordinance under Subsection (e) of this section, as soon as practicable after the date of the election:

(1) the board of trustees of the retirement system shall amend the retirement system plan documents as necessary to be consistent with the approved ordinance; and  
(2) the municipality shall give written notice of the results of the election to the Texas Municipal Retirement System and include copies of the relevant ordinances and any amended retirement system plan documents.

(g) If a municipality adopts ordinances under Subsections (c) and (d) of this section, all subsequent actions authorized or required by this section must be completed before October 1, 2018.

If all subsequent actions are not completed before October 1, 2018:

(1) as soon as practicable after that date, the Texas Municipal Retirement System shall publish notice to that effect in the Texas Register; and

(2) Section 851.0011, Government Code, this section, and the ordinances adopted under Subsections (c) and (d) of this section expire on October 1, 2018.

No equivalent provision, but see SECTION 2 below.

No equivalent provision, but see SECTION 2 above.

SECTION 2. Subchapter A, Chapter 851, Government Code, is amended by adding Section 851.0011 to read as follows:

Sec. 851.0011. ALTERNATIVE DEFINITION OF DEPARTMENT. (a) This section applies only with respect to a municipality:

(1) with a population of less than 200,000;

(2) that is located in a county with a population of not less than 2 million and not more than 4 million;

(3) that has a regularly organized fire department for which a retirement system and fund have been established under Section 4, Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes); and

(4) that before January 1, 2017, has one or more departments participating in the retirement system.

(b) Notwithstanding Section 851.001(7), "department" in this subtitle includes employees of a municipality described by Subsection (a) who are allowed to participate in the retirement system under Section 31A, Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes), because the municipality completed all actions authorized or required by that section within the time prescribed by that section.

(c) If a municipality fails to complete all actions authorized or required by Section 31A, Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes), before October 1, 2018, this section expires on October 1, 2018, in accordance with Section 31A(g), Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes).

SECTION 3. This Act takes effect September 1, 2017.

SECTION 3. Same as introduced version.