

BILL ANALYSIS

S.B. 1664
By: Huffman
Pensions
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties note the important role the Teacher Retirement System of Texas (TRS) plays in delivering retirement and related benefits to members and beneficiaries and contend that certain revisions in state law are needed to ensure that TRS can efficiently deliver benefits. S.B. 1664 seeks to provide for those revisions.

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

S.B. 1664 amends the Education Code to remove the requirements that the board of trustees of the Teacher Retirement System of Texas (TRS) adopt rules to determine whether a public school district's group health coverage is comparable to specified basic health coverage, including rules requiring consideration of certain factors in making that determination, and to instead require that those factors be considered in making that determination. The bill removes the requirement that each district report the district's compliance with state law relating to group health benefits for school employees to the executive director of TRS and revises the required contents of such an annual report prepared by each district that does not participate in the uniform group coverage program and made available for review at certain district campus offices by removing references to TRS executive director involvement.

S.B. 1664 amends the Government Code to require TRS, in determining whether an individual is an employee or independent contractor of an employer under the retirement system, to use the test applied under common law and any guidance issued by the Internal Revenue Service regarding factors to consider when determining an individual's employment status. The bill revises the deadline by which payments for military service, out-of-state service, developmental leave, work experience in a career or technological field, and service transferred to TRS from the Employees Retirement System of Texas must be completed to reflect the following deadline: not later than two calendar months after the later of the member's retirement date or the last day of the month in which the member submits a retirement application and before the later of the due date for the member's first monthly annuity payment or the date on which TRS issues the first monthly annuity payment to the member.

S.B. 1664 removes a provision establishing that an increase in an annuity payment for a TRS member's unused accumulated state personal or sick leave begins with the first payment that

becomes due after employer certification and specified payment to TRS and instead prohibits such an annuity payment, unless the member declines to purchase service credit under the bill's provisions, from beginning until TRS is paid the full cost of the service credit. The bill requires TRS to receive the payment for service credit for the accumulated personal or sick leave not later than the 90th day after the date TRS issues a cost statement for the purchase of such service credit and authorizes TRS to grant a member a one-time extension of not more than 30 days to complete the purchase if the purchase is made by a rollover distribution from another eligible retirement plan or by a direct trustee-to-trustee transfer of funds from an eligible deferred compensation plan described by the federal Internal Revenue Code of 1986 that is maintained by an eligible governmental employer or from an annuity contract described by that code that is purchased under a governmental plan. The bill authorizes a member who fails to make such a payment within the time prescribed to decline to purchase the service credit and maintain the member's effective date of retirement or to revoke the member's retirement and select a later retirement date that provides the member with sufficient time to complete the purchase of the service credit.

S.B. 1664 revises the deadline for a TRS member applying for service retirement to reinstate withdrawn contributions, make deposits for military service and equivalent membership service, and receive service credit to reflect the following deadline: not later than two months after the later of the member's retirement date or the last day of the month in which the member's application for retirement is submitted and before the later of the due date for the first monthly annuity payment or the date on which TRS issues the first monthly annuity payment. The bill conditions a member's authority to take such an action on the member having provided notice to TRS. The bill requires TRS to deposit in a member's individual account in the member savings account the portion of a deposit to establish USERRA credit. The bill revises the statutory provisions to which TRS's duty to deposit in that account the portion of a deposit to establish equivalent membership service credit required by specified statutory provisions applies and gives TRS the option to deposit the portion of a deposit to establish unreported service credit or compensation as an alternative to the deposit establishing equivalent membership service credit.

S.B. 1664 conditions the authorization to transfer an eligible portion of a rollover distribution that consists of after-tax employee contributions not includable in gross income to a qualified governmental plan described by specified provisions of the federal Internal Revenue Code of 1986 on that plan agreeing to separately account for the amounts transferred and the earnings on the amounts transferred and for the portion of the distribution that is includable in gross income and the portion of the distribution that is not includable in gross income. The bill changes the entity required to certify in coordination with the Legislative Budget Board to the comptroller of public accounts an estimate of the amount necessary to pay the state's contributions to TRS for the following biennium from the TRS board of trustees to the Texas Higher Education Coordinating Board.

EFFECTIVE DATE

September 1, 2017.