

## **BILL ANALYSIS**

Senate Research Center

H.B. 1203  
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Intergovernmental Relations  
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Engrossed

### **DIGEST**

The Houston Police Officers System (HPOPS) is a public retirement system established by Article 6243g-1 and Article 6243g-3. Pursuant to the mandate in these articles, HPOPS provides a retirement benefit for police officers and their beneficiaries of the City of Houston. As of January 1997, the total membership of HPOPS was 6,750, consisting of 1,563 retired members or their beneficiaries and 5,217 police officer members. This bill revises the powers and duties of HPOPS.

### **PURPOSE**

As proposed, H.B. 1203 set forth provisions regarding certain municipal retirement systems for police officers.

### **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 4(a), Article 6243g-1, V.T.C.S., to authorize the Pension Board (board) of the Houston Police Officers Pension System (pension system) to elect to reimburse certain board members by an affirmative vote of at least four members. Prohibits the amount of any reimbursement from exceeding \$350 a month for each affected board member.

SECTION 2. Amends Section 5(c), Article 6243g-1, V.T.C.S., to require the board to establish policies and procedures for disbursements from the fund. Deletes a provision requiring the treasurer or the board to make certain disbursements.

SECTION 3. Amends Section 7, Article 6243g-1, V.T.C.S., to require the contribution rate required of the city to be increased by an amount equal to any difference between certain computations determined under Subsection (a). Makes a conforming change.

SECTION 4. Amends Section 11, Article 6243g-1, V.T.C.S., by amending Subsections (a), (g), and (h) and adding Subsection (i), to require certain members of the pension system for a certain length of time to retire on or after September 1, 1997, rather than July 1, 1993, and to be entitled to a retirement pension of an amount equal to two and one-half percent, rather than one-fourth of the member's salary per month over a certain period of time. Prohibits the amount of the annual adjustment from being less than three percent or more than eight percent of the pension being paid immediately before the adjustment, notwithstanding a greater or lesser increase in the Consumer Price Index. Deletes provisions regarding adjusted pensions. Provides that a surviving spouse who receives a survivor's benefit under this Act is entitled to receive certain payments of the survivor's benefits over a certain period of time. Sets forth certain provisions regarding the recomputation of certain retirement benefits by the pension system. Makes conforming and nonsubstantive changes.

SECTION 5. Amends Section 12, Article 6243g-1, V.T.C.S., to require members of the police department who become totally and permanently incapacitated under certain conditions to receive a certain retirement allowance. Sets forth provisions for partially incapacitated members of the police department regarding retirement allowances. Deletes a provision regarding disabled members of the police department. Requires a member not otherwise eligible for a service pension to be eligible for a pension equal to 20 percent of the member's base salary, rather than final computation, payable for

two years or for the member's life. Requires a member not otherwise eligible for a service pension who has 10 or more years of credited service, who suffers a total disability by a certain date to be eligible for a certain pension.

SECTION 6. Amends Section 13, Article 6243g-1, V.T.C.S., to set forth provisions regarding a recomputation of certain benefits by the pension system.

SECTION 7. Amends Section 15, Article 6243g-1, V.T.C.S., by amending Subsection (g) and adding Subsection (h), to entitle members who have not repaid withdrawn contributions to receive credit for the service attributable to withdrawn contributions under certain conditions. Entitles a person who left employment of the police department under certain conditions and did not receive a refund of the person's total contribution to the pension system to have the service for which the unrefunded contributions were made credited to the person's retirement benefit in certain circumstances.

SECTION 8. Amends Section 23A, Article 6243g-1, V.T.C.S., to provide that in the event that the pension fund is partially terminated there shall be no reversion of funds to the employer. Requires the funds to be used exclusively for police pensions, and the affected employee's right to the benefits, to the extent funded, shall be nonforfeitable.

SECTION 9. Amends Article 6243g-1, V.T.C.S., by adding Sections 23C, 23D, and 23E, as follows:

Sec. 23C. MAXIMUM BENEFITS FROM THE FUND. Provides that the fund created by this Act is for the exclusive benefit of the members, retirees, or survivors of the pension system. Outlines the maximum benefits provided by this fund.

Sec. 23D. EXCESS BENEFIT PLAN. Creates a separate, nonqualified, unfunded excess benefit plan outside the fund. Defines "excess benefit plan," "qualified plan," "maximum benefit," "excess benefit participant," and "unrestricted benefit." Entitles an excess benefit participant to a monthly benefit under this excess benefit plan in a certain amount. Entitles a surviving spouse, dependent child, or dependent parent to a certain monthly benefit under the excess benefit plan. Requires any benefit to which a person is entitled under this section to be paid at a certain time and in a certain manner. Prohibits an excess benefit participant from deferring the receipt of certain payment. Requires the board to administer this plan and carry out other duties with respect to the plan. Requires certain professionals to perform services for the fund but prohibits payment to these professionals from the fund. Sets forth provisions regarding employer contributions to the fund. Provides that the benefits under this section are exempted from certain legal acts and may not be paid to certain persons.

Sec. 23E. AGREEMENT TO CHANGE BENEFITS. Sets forth provisions regarding the changing of benefits under a written agreement with the city.

SECTION 10. Amends Section 12(b), Article 6243g-3, V.T.C.S., to require an employee's service credits to the date of termination of employment to be canceled unless the member repays, before the member retires and ceases to be an employee, any withdrawn contributions with interest at a rate determined by the board. Sets forth a provision for a member who has not repaid withdrawn contributions with interest at the time of retirement.

SECTION 11. Amends Section 13, Article 6243g-3, V.T.C.S., by amending Subsection (a) and adding Subsection (d), to provide that certain members may be eligible for a duty-connected disability pension on presentation to the pension board of proof of permanent disability. Provides that if the member is determined to have a partial disability, the member is eligible for a partial disability pension. Provides that a member retired for permanent total or partial disability is subject to certain reexamination and shall submit to further examination as the pension board required. Authorizes the pension board to suspend or terminate pension payments to a disabled retiree who refuses to submit to required examinations after retirement.

SECTION 12. Amends Section 17, Article 6243g-3, V.T.C.S., to make conforming and

nonsubstantive changes.

SECTION 13. Amends Section 18(c), Article 6243g-3, V.T.C.S., to provide that a non-retired member of the pension system who has less than 20 years of credited hours dies as a result of military service, certain dependents of the member are entitled to receive a refund of any contributions the member made to the pension system.

SECTION 14. Amends Section 21, Article 6243g-3, V.T.C.S., by adding Subsection (d), to make conforming changes.

SECTION 15. Amends Section 24, Article 6243g-3, V.T.C.S., to make conforming changes.

SECTION 16. Amends Section 29, Article 6243g-3, V.T.C.S., to make a conforming change.

SECTION 17. Repealers: Sections 6(b) and 11(b), Article 6243g-1, V.T.C.S., and Sections 1(k) and (o) and 28(b), Article 6243g-3, V.T.C.S. (Contributions by Members, Retirement; Amount of Pension; Annual Adjustments, Definitions, and Member Contributions).

SECTION 18. Makes application of this Act prospective.

SECTION 19. Makes application of this Act prospective.

SECTION 20. (a) Effective date: September 1, 1997, except as provided by Subsection (b).

(b) Effective date for this section and Section 23E, Article 6243g-1, V.T.C.S.: July 1, 1997, if this Act receives the vote required by Section 39, Article III, Texas Constitution.

SECTION 21. Emergency clause.