

BILL ANALYSIS

Senate Research Center

H.B. 1204
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Intergovernmental Relations
5-6-97
Committee Report (Amended)

DIGEST

Currently, the Houston Police Officers Pension System (pension system) is a public retirement system established under state law. The pension system provides a retirement benefit for police officers, and their beneficiaries of the city of Houston, which is periodically reviewed by the board and staff of the pension system. This bill revises the powers and duties of the system and program under the pension system.

PURPOSE

As proposed, C.S.H.B. 1204 revises the powers and duties of the system and program for the Houston Police Officers Pension 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 11, Article 6243g-1, V.T.C.S., by adding Subsection (i), to require the Houston Police Officers Pension System (pension system) to recompute the retirement benefit of each person who retired before September 1, 1997, with a benefit of less than 50 percent of base salary for the first 20 years of service. Sets forth method for recomputation. Prohibits a recomputation under this subsection from resulting in a benefit that would exceed the benefit amount to which an active member would be entitled at retirement with the same amount of service and base salary or in a benefit less than the benefit the retiree is receiving at the time of the recomputation. Provides that the resulting benefit is the retiree's benefit for all payments and cost-of-living adjustments made after August 31, 1997, but the retiree is not entitled to recomputation of any benefits paid before September 1, 1997.

SECTION 2. Amends Section 13, Article 6243g-1, V.T.C.S., by adding Subsection (f), to require the system to recompute the benefit of each person who on September 1, 1997, is entitled to a survivor's benefit under Subsection (a) of this section and whose original benefit was computed at a rate less than the rate that would be used to compute the benefit of the survivor of a member who dies on September 1, 1997. Sets forth the method for recomputation. Prohibits a recomputation under this subsection from resulting in a benefit that would exceed the benefit to which the survivor of a member who dies on September 1, 1997, with the same amount of service and base salary would be entitled or in a benefit less than the benefit the survivor is receiving at the time of the recomputation. Provides that the resulting benefit is the survivor's benefit for all payments and cost-of-living adjustments made after August 31, 1997, but the survivor is not entitled to recomputation of any benefits paid before September 1, 1997.

SECTION 3. Amends Section 15, Article 6243g-1, V.T.C.S., by amending Subsection (g) and adding Subsection (h), to provide that a member who has not repaid withdrawn contributions with interest at the time of the member's retirement is entitled to receive credit for the service attributable to the withdrawn contributions if certain conditions apply. Provides that a person who voluntarily or involuntarily left the employment of the police department other than as provided by Section 12 or 22 and did not receive a refund of the person's total contributions to the pension system is entitled to have the service for which the unrefunded contributions were made credited to the person's

retirement benefit, if the person meets certain requirements.

SECTION 4. Amends Section 12(b), Article 6243g-3, V.T.C.S., to provide that if a member meets certain requirements, among which include the provision that the member repays, before the member retires and ceases to be an employee, any withdrawn contributions with interest at a rate determined by the pension board, except as otherwise provided by this subsection. Deletes a provision requiring a member, provided that the member has withdrawn contributions, to repay them with interest at a rate determined by the pension board. Provides that a member who has not repaid withdrawn contributions with interest at the time of the member's retirement is entitled to receive credit for the service attributable to the withdrawn contributions, if certain conditions apply.

SECTION 5. Amends Section 17, Article 6243g-3, V.T.C.S., by adding Subsection (d), to make conforming changes.

SECTION 6. Amends Section 18(c), Article 6243g-3, V.T.C.S., to provide that certain persons are entitled to receive a refund of any contributions the member made to the pension system, if a non-retired member of the pension system who has less than 20 years of credited service dies.

SECTION 7. Amends Section 21, Article 6243g-3, V.T.C.S., by adding Subsection (d), to make conforming changes.

SECTION 8. Effective date: September 1, 1997.

SECTION 9. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 2.

Page 2, lines 10-15, replace the sentence setting forth the recomputation formula with "The recomputation consists of multiplying the base salary of the member that was used in the original computation by the difference between the rate that would be used to compute the benefit of the survivor of a member who dies on September 1, 1997, and the rate used in computing the survivor's benefit at the time of the deceased member's death and adding the product of the multiplication to the survivor's current benefit."

SECTION 7.

Page 6, lines 16-21, to make a conforming change.