

BILL ANALYSIS

Senate Research Center

C.S.H.J.R. 54
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State Affairs
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Committee Report (Substituted)

DIGEST AND PURPOSE

The State of Texas and local governments, by statute and by ordinance, have created pension plans for local government public servants. Although the pension rights of private sector employees are protected under ERISA (federal Employee Retirement Income Security Act), currently there is no Texas law guaranteeing that these retiring public servants will receive the benefits promised to them under their pensions plans. In 1937, the Texas Supreme Court ruled in Dallas v. Trammel, 101 S.W.2d 1009 (Tex. 1937), that a retired police officer did not have a vested right to future pension benefits from the City of Dallas, and the state therefore was permitted to enact legislation reducing those anticipated benefits. This means that even if a public employee has fulfilled all obligations required to collect full benefits at the time of his or her retirement, the legislature or a local government may later enact a law reducing the anticipated benefits. C.S.H.J.R 54 proposes a constitutional amendment providing that benefits in certain public retirement systems may not be reduced or impaired.

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 Article XVI, Texas Constitution, by adding Section 66, as follows:

Sec. 66. PROTECTED BENEFITS UNDER CERTAIN PUBLIC RETIREMENT SYSTEMS. (a) Provides that this section applies only to a public retirement system that is not a statewide system and that provides service and disability retirement benefits and death benefits to public officers and employees.

(b) Provides that this section does not apply to a public retirement system that provides service and disability retirement benefits and death benefits to firefighters and police officers employed by the City of San Antonio.

(c) Provides that this section does not apply to benefits that are: health benefits; life insurance benefits; or disability benefits that a retirement system determines are no longer payable under the terms of the retirement system as those terms existed on the date the retirement system began paying the disability benefits.

(d) Provides that on or after the effective date of this section, a change in service or disability retirement benefits or death benefits of a retirement system may not reduce or otherwise impair benefits accrued by a person if the person: could have terminated employment or has terminated employment before the effective date of the change; and would have been eligible for those benefits, without accumulating additional service under the retirement system, on any date on or after the effective date of the change had the change not occurred.

(e) Provides that benefits granted to a retiree or other annuitant before the effective date of this section and in effect on that date may not be reduced or otherwise impaired.

(f) Provides that the political subdivision or subdivisions and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits under this section are not reduced or otherwise impaired.

(g) Provides that this section does not create a liability or an obligation to a retirement system for a member of the retirement system other than the payment by active members of a required contribution or a future required contribution to the retirement system.

(h) Provides that a retirement system described by Subsection (a) and the political subdivision or subdivisions that finance benefits under the retirement system are exempt from the application of this section if: the political subdivision or subdivisions hold an election on the date in May 2004 that political subdivisions may use for the election of their officers; the majority of the voters of a political subdivision voting at the election favor exempting the political subdivision and the retirement system from the application of this section; and the exemption is the only issue relating to the funding and benefits of the retirement system that is presented to the voters at the election.

SECTION 2. Requires this constitutional amendment to be submitted to the voters at an election to be held September 13, 2003. Requires the ballot to be printed to allow for voting for or against the proposition: "The constitutional amendment providing that certain benefits under certain local public retirement systems may not be reduced or impaired."