

CHAPTER 228

S.B. No. 713

An Act relating to the Employees Retirement System of Texas and the Teacher Retirement System of Texas; to contributions to the systems and for the optional retirement program; to actions increasing the amortization period; and to increases in certain annuities; amending Title 110B, Revised Statutes, by amending Section 36.201 and Subsection (a) of Section 25.403; by conditionally amending Subsection (a) of Section 35.403, Subsection (a) of Section 35.404, and Section 35.402; and by adding Sections 21.006 and 31.006.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subsection (a), Section 25.403, Title 110B, Revised Statutes, is amended to read as follows:

“(a) During each fiscal year, the state shall contribute to the retirement system:

“(1) an amount equal to 7.4 [eight] percent of the total compensation of all members of the retirement system for that year;

“(2) money to pay lump-sum death benefits for retirees under Section 24.501 of this subtitle;

“(3) money necessary for the administration and payment of benefits from the law enforcement and custodial officer supplemental retirement fund; and

“(4) money for service credit not previously established, as provided by Section 23.202(e) or 23.302(d) of this subtitle.”

SECTION 2. Contingent on S.B. No. 387, 69th Legislature, Regular Session, 1985, becoming law, Section 35.402, Title 110B, Revised Statutes, is amended to read as follows:

"Section 35.402. **RATE OF MEMBER CONTRIBUTIONS.** The rate of contributions for each member of the retirement system is:

"(1) five percent of the member's annual compensation or \$180, whichever is less, for service rendered after August 31, 1937, and before September 1, 1957;

"(2) six percent of the first \$8,400 of the member's annual compensation for service rendered after August 31, 1957, and before September 1, 1969;

"(3) six percent of the member's annual compensation for service rendered after August 31, 1969, and before the first day of the 1977-78 school year; ~~and~~

"(4) 6.65 percent of the member's annual compensation for service rendered after the last day of the period described by Subdivision (3) of this section *and before September 1, 1985;* and

"(5) 6.4 percent of the member's annual compensation for service rendered after August 31, 1985."

SECTION 3. Contingent on S.B. No. 387, 69th Legislature, Regular Session, 1985, becoming law, Subsection (a), Section 35.403, Title 110B, Revised Statutes, is amended to read as follows:

"(a) Each payroll period, each employer shall deduct from the compensation of each member employed by the employer an amount equal to 6.4 ~~[6.65]~~ percent of the member's compensation for that period."

SECTION 4. Contingent on S.B. No. 387, 69th Legislature, Regular Session, 1985, becoming law, Subsection (a), Section 35.404, Title 110B, Revised Statutes, is amended to read as follows:

"(a) During each fiscal year, the state shall contribute to the retirement system an amount equal to *eight* ~~[8 1/2]~~ percent of the aggregate annual compensation of all members of the retirement system during that fiscal year."

SECTION 5. Section 36.201, Title 110B, Revised Statutes, is amended to read as follows:

"Section 36.201. **CONTRIBUTIONS.** (a) Each fiscal year the state shall contribute to the optional retirement program an amount equal to 8-1/2 percent of the aggregate annual compensation of all participants in the program during that year. A ~~[and a]~~ participant in the optional retirement program shall contribute ~~[pay]~~ to the program 6.65 percent of the person's annual compensation ~~[the same amounts as each would have been required to contribute to the retirement system had the person remained a member].~~

"(b) Contributions required by this section ~~[These payments]~~ shall be credited to the benefit of the participant.

"(c) In this section, 'annual compensation' has the meaning assigned to that term by Section 31.001(4) of this subtitle."

SECTION 6. Subchapter A, Chapter 21, Title 110B, Revised Statutes, is amended by adding Section 21.006 to read as follows:

"Section 21.006. **ACTION INCREASING AMORTIZATION PERIOD.** (a) A rate of member or state contributions to or a rate of interest required for the establishment of credit in the retirement system may not be reduced or eliminated, a type of service may not be made creditable in the retirement system, a limit on the maximum permissible amount of a type of creditable service may not be removed or raised, a new monetary benefit payable by the retirement system may not be established, and the determination of the amount of a monetary benefit from the system may not be increased, if, as a result of the particular action, the time, as determined by an actuarial valuation, required to amortize the unfunded actuarial liabilities of the retirement system would be increased to a period that exceeds 30 years by one or more years.

"(b) If the amortization period for the unfunded actuarial liabilities of the retirement system exceeds 30 years by one or more years at the time an action described by Subsection (a) of this section is proposed, the proposal may not be adopted if, as a result of the adoption, the amortization period would be increased, as determined by an actuarial valuation."

SECTION 7. Subchapter A, Chapter 31, Title 110B, Revised Statutes, is amended by adding Section 31.006 to read as follows:

"Section 31.006. **ACTION INCREASING AMORTIZATION PERIOD.** (a) A rate of member or state contributions to or a rate of interest or the rate of a fee required for the establishment of credit in the retirement system may not be reduced or eliminated, a type of service may not be made creditable in the retirement system, a limit on the maximum permissible amount of a type of creditable service may not be removed or raised, a new monetary benefit payable by the retirement system may not be established, and the determination of the amount of a monetary benefit from the system may not be increased, if, as a result of the particular action, the time, as

determined by an actuarial valuation, required to amortize the unfunded actuarial liabilities of the retirement system would be increased to a period that exceeds 30 years by one or more years.

“(b) If the amortization period for the unfunded actuarial liabilities of the retirement system exceeds 30 years by one or more years at the time an action described by Subsection (a) of this section is proposed, the proposal may not be adopted if, as a result of the adoption, the amortization period would be increased, as determined by an actuarial valuation.”

SECTION 8. (a) Annuities that are described by Subsection (a), Section 24.601, Title 110B, Revised Statutes, and that are based on retirements or deaths occurring before September 1, 1983, are increased by five percent, beginning with payments of the annuities that become due on or after the effective date of this Act.

(b) The board of trustees of the Employees Retirement System of Texas shall pay the annuities as increased by this Act from the retirement annuity reserve fund and may transfer to that fund from the state accumulation fund any portion of the amount actuarially determined to be necessary to finance the increase in benefits provided by this Act for the duration of the annuities to which the increase applies that exceeds the amount in the retirement annuity reserve fund available to finance the increase.

SECTION 9. If S.B. No. 880 or H.B. No. 1641, 69th Legislature, Regular Session, 1985, becomes law, the provisions of this Act prevail over the provisions of the laws included in either of those Acts to the extent of any conflict, regardless of their relative dates of enactment.

SECTION 10. This Act takes effect September 1, 1985.

SECTION 11. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on May 2, 1985, by a viva-voce vote; May 23, 1985, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 25, 1985, House granted request of the Senate; May 27, 1985, Senate adopted Conference Committee Report by a viva-voce vote; passed the House, with amendments, on May 21, 1985, by a non-record vote; May 25, 1985, House granted request of the Senate for appointment of Conference Committee; May 26, 1985, House adopted Conference Committee Report by a non-record vote.

Approved: June 3, 1985

Effective: September 1, 1985