

By: Rodriguez of Travis

H.B. No. 1756

A BILL TO BE ENTITLED

AN ACT

relating to the board of trustees of and distribution of certain benefits by a retirement system for firefighters in certain municipalities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2.03(b), Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) Between November 1 of each year and the first Monday in January of the following year, the board of trustees shall hold an election to elect one member of the board of trustees. If only one firefighter or retiree is nominated for a position under Subsection (c) of this section, instead of holding an election, the board of trustees may appoint the sole nominated candidate at the first board meeting in January. The board shall adopt procedures for the appointment of a sole nominated candidate under this subsection. A board member appointed under this subsection is considered elected for purposes of this Act.

SECTION 2. Section 7.09, Chapter 183 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's Texas Civil Statutes), is amended by adding Subsection (d) to read as follows:

(d) The board of trustees may adopt rules to establish procedures for and requirements governing a member's designation of

1 a beneficiary under this section.

2 SECTION 3. Section 8.05, Chapter 183 (S.B. 598), Acts of the
3 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's
4 Texas Civil Statutes), is amended by adding Subsection (d) to read
5 as follows:

6 (d) The board of trustees may adopt rules that modify the
7 availability of distributions under Subsection (a) of this section,
8 provided that the modifications do not:

9 (1) impair the distribution rights under that
10 subsection; or

11 (2) cause distributions to occur later than required
12 under Section 401(a)(9), Internal Revenue Code of 1986.

13 SECTION 4. Sections 8.07(b), (c), and (d), Chapter 183
14 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975
15 (Article 6243e.1, Vernon's Texas Civil Statutes), are amended to
16 read as follows:

17 (b) If a member who participates in the DROP dies before
18 distribution of the member's entire DROP account [~~while in active~~
19 ~~service or if the member has not filed an election with the board of~~
20 ~~trustees as described by Subsection (c) of this section~~],
21 distributions to the designated beneficiary will begin not more
22 than one year after the date of the member's death and shall be made
23 either as a single-payment distribution of the member's DROP
24 account balance or in not more than four equal annual installments
25 over a period of not more than 37 months.

26 (c) [~~If a member who participates in the DROP dies after~~
27 ~~terminating active service and has filed an election with the board~~

~~1 of trustees to be paid in not more than four equal annual~~
~~2 installments over a period of not more than 37 months, the balance~~
~~3 of the member's DROP account shall be distributed to the designated~~
~~4 beneficiary in the manner that the member selected.~~

5 ~~[(a)]~~ If the member has not designated a beneficiary to
6 receive distributions from the member's DROP account or if the
7 person so designated does not survive the member by at least 72
8 hours, the member's DROP account shall be distributed in a
9 single-sum payment as soon as administratively possible after the
10 member's death to any surviving spouse who survives the member by at
11 least 72 hours, if any, or to the member's estate if there is no
12 surviving spouse.

13 SECTION 5. Section 9.04(a-2), Chapter 183 (S.B. 598), Acts
14 of the 64th Legislature, Regular Session, 1975 (Article [6243e.1](#),
15 Vernon's Texas Civil Statutes), is amended to read as follows:

16 (a-2) The collective adjustment amount described by
17 Subsection (a-1) of this section:

18 (1) is an amount equal to the actuarial value, as
19 determined by the board's actuary based on the interest and
20 mortality assumptions adopted by the board of trustees for the most
21 recent actuarial valuation of the fund, of the percentage increase
22 in the Consumer Price Index for All Urban Consumers as determined by
23 the United States Department of Labor for the applicable
24 determination period ending in a calendar month that precedes by
25 not more than four months the month in which ~~[immediately preceding~~
26 ~~the date]~~ the cost-of-living adjustment is to take effect,
27 multiplied by the total amount of benefits payable in the month

1 immediately preceding the date an adjustment is to take effect to
2 persons who are eligible to receive an adjustment under this
3 section; and

4 (2) if applicable:

5 (A) is reduced by an amount that the board's
6 actuary determines is necessary to maintain the financial stability
7 of the fund; or

8 (B) is increased in accordance with Subsection
9 (b) of this section.

10 SECTION 6. The board of trustees of a retirement system
11 subject to this Act shall adopt procedures required under Section
12 2.03(b), Chapter 183 (S.B. 598), Acts of the 64th Legislature,
13 Regular Session, 1975 (Article [6243e.1](#), Vernon's Texas Civil
14 Statutes), as amended by this Act, before a sole nominated
15 candidate may be appointed to the board of trustees.

16 SECTION 7. This Act takes effect September 1, 2015.