

1-1 By: Bucy, et al. (Senate Sponsor - Schwertner) H.B. No. 2802  
 1-2 (In the Senate - Received from the House May 8, 2025;  
 1-3 May 8, 2025, read first time and referred to Committee on Finance;  
 1-4 May 14, 2025, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 15, Nays 0; May 14, 2025,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			
1-19	X			
1-20	X			
1-21	X			
1-22	X			
1-23	X			

1-24 COMMITTEE SUBSTITUTE FOR H.B. No. 2802 By: Schwertner

1-25 A BILL TO BE ENTITLED  
 1-26 AN ACT

1-27 relating to the administration of, contributions to, and benefits  
 1-28 under retirement systems for firefighters in certain  
 1-29 municipalities.

1-30 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-31 SECTION 1. The heading to Chapter 183 (S.B. 598), Acts of  
 1-32 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 1-33 Vernon's Texas Civil Statutes), is amended to read as follows:

1-34 Art. 6243e.1. FIREFIGHTERS RELIEF AND RETIREMENT FUND IN  
 1-35 CITIES OF 950,000 [~~450,000~~] TO 1,050,000 [~~500,000~~].

1-36 SECTION 2. Section 1.02, Chapter 183 (S.B. 598), Acts of the  
 1-37 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
 1-38 Texas Civil Statutes), is amended by amending Subdivisions (1),  
 1-39 (2), (3), and (4) and adding Subdivisions (1-a), (2-a), (2-b),  
 1-40 (2-c), (2-d), (2-e), (5-a), (5-b), (5-c), (6-a), (6-b), (6-c),  
 1-41 (6-d), (6-e), (8-a), (9-a), (9-b), (9-c), (9-d), (10-a), (10-b),  
 1-42 (10-c), (10-d), (10-e), (10-f), (11-a), (11-b), (11-c), (11-d),  
 1-43 (11-e), (11-f), (11-g), (13-a), and (13-b) to read as follows:

1-44 (1) "Accumulated contributions" means all sums of  
 1-45 money, including interest, if applicable, credited to [~~in~~] the  
 1-46 individual account of a member or former firefighter, as shown on  
 1-47 the books and records of the fund.

1-48 (1-a) "Actuarial accrued liability" means the portion  
 1-49 of the actuarial present value of projected benefits of the fund  
 1-50 attributed to past periods of member service based on the cost  
 1-51 method used in the risk sharing valuation study prepared under  
 1-52 Section 10.05 or 10.06 of this Act, as applicable.

1-53 (2) "Actuarial equivalent" means a benefit that, at  
 1-54 the time that it begins being paid, has the same present value as  
 1-55 the benefit it replaces, based on the recommendations of the  
 1-56 board's actuary.

1-57 (2-a) "Actuarial value of assets" means the value of  
 1-58 the fund's assets as calculated using the asset smoothing method  
 1-59 used in the risk sharing valuation study prepared under Section  
 1-60 10.05 or 10.06 of this Act, as applicable.

2-1                   (2-b) "Adjustment factor" means the assumed rate of  
 2-2 return for the fund adopted by the board less two percentage points.  
 2-3                   (2-c) "Amortization period" means:  
 2-4                   (A) the period necessary to fully pay a liability  
 2-5 layer; or  
 2-6                   (B) if referring to the amortization period of  
 2-7 the fund as a whole, the number of years incorporated in a weighted  
 2-8 average amortization factor for the sum of the legacy liability and  
 2-9 all liability layers as determined in each annual actuarial  
 2-10 valuation of assets and liabilities of the fund.  
 2-11                   (2-d) "Amortization rate" means, for a given calendar  
 2-12 year, the percentage rate determined by:  
 2-13                   (A) adding the scheduled amortization payments  
 2-14 required to pay off the then-existing liability layers;  
 2-15                   (B) subtracting the municipal legacy  
 2-16 contribution amount for the same calendar year, as determined in  
 2-17 the risk sharing valuation study prepared under Section 10.05 or  
 2-18 10.06 of this Act, as applicable, from the sum under Paragraph (A)  
 2-19 of this subdivision; and  
 2-20                   (C) dividing the amount determined under  
 2-21 Paragraph (B) of this subdivision by the projected pensionable  
 2-22 payroll for the same calendar year.  
 2-23                   (2-e) "Annual investment return" means the annual  
 2-24 money-weighted rate of return, net of investment expenses, reported  
 2-25 by the fund in the annual report for a given calendar year.  
 2-26                   (3) "Board of trustees" or "board" means the board of  
 2-27 [~~firefighters relief and retirement fund~~] trustees of the fund  
 2-28 under [~~existing pursuant to~~] this Act, unless the context requires  
 2-29 otherwise.  
 2-30                   (4) "Board's actuary" means the actuary engaged by the  
 2-31 fund [~~employed~~] under Section 12.03 of this Act.  
 2-32                   (5-a) "Corridor" means the range of municipal  
 2-33 contribution rates that are:  
 2-34                   (A) equal to or greater than the minimum  
 2-35 municipal contribution rate; and  
 2-36                   (B) equal to or less than the maximum municipal  
 2-37 contribution rate.  
 2-38                   (5-b) "Corridor margin" means five percentage points.  
 2-39                   (5-c) "Corridor midpoint" means the projected  
 2-40 municipal contribution rate specified for each calendar year for 30  
 2-41 years as provided by the initial risk sharing valuation study under  
 2-42 Section 10.05 of this Act, rounded to the nearest hundredths  
 2-43 decimal place.  
 2-44                   (6-a) "DROP" means the deferred retirement option plan  
 2-45 under Article 8 of this Act.  
 2-46                   (6-b) "DROP participant" means a member who is  
 2-47 participating in the DROP.  
 2-48                   (6-c) "DROP period" means the period between the  
 2-49 effective date of a member's election to participate in DROP and the  
 2-50 actual date of the member's retirement from the fire department,  
 2-51 subject to the seven-year limitation prescribed by Section 8.02 of  
 2-52 this Act.  
 2-53                   (6-d) "Employer normal cost rate" means, for a given  
 2-54 calendar year, the normal cost rate minus the applicable  
 2-55 firefighter contribution rate determined under Section 10.011 of  
 2-56 this Act.  
 2-57                   (6-e) "Estimated municipal contribution rate" means,  
 2-58 for a given calendar year, a municipal contribution rate equal to  
 2-59 the sum of the municipal normal cost rate and the amortization rate  
 2-60 of the liability layers, as applicable, excluding the legacy  
 2-61 liability layer, and before adjustments to the rate under Section  
 2-62 10.07 or 10.08 of this Act, as applicable.  
 2-63                   (8-a) "Five-year investment return" means the average  
 2-64 money-weighted rate of return of the fund, based on a rolling  
 2-65 five-year basis and net of investment expenses, for the applicable  
 2-66 five-year period.  
 2-67                   (9-a) "Funded ratio" means the ratio of the actuarial  
 2-68 value of assets divided by the actuarial accrued liability.  
 2-69                   (9-b) "Group A member" means a member included in

3-1 group A membership under Section 3.011 of this Act.  
 3-2 (9-c) "Group B cost-of-living adjustment percentage"  
 3-3 means a percentage that:  
 3-4 (A) except as provided by Paragraph (B) of this  
 3-5 subdivision, is equal to the fund's five-year investment return  
 3-6 minus the adjustment factor, and multiplied by 50 percent; and  
 3-7 (B) may not be less than zero or more than two  
 3-8 percent.  
 3-9 (9-d) "Group B member" means a member included in  
 3-10 group B membership under Section 3.011 of this Act.  
 3-11 (10-a) "Legacy liability" means the unfunded  
 3-12 actuarial accrued liability determined as of December 31, 2024, and  
 3-13 for each subsequent calendar year, adjusted as follows:  
 3-14 (A) reduced by the municipal legacy contribution  
 3-15 amount for the calendar year allocated to the amortization of the  
 3-16 legacy liability; and  
 3-17 (B) adjusted by the assumed rate of return  
 3-18 adopted by the board of trustees for the calendar year ending  
 3-19 December 31, 2024.  
 3-20 (10-b) "Level percent of payroll method" means the  
 3-21 amortization method that defines the amount of the liability layer  
 3-22 recognized each calendar year as a level percent of pensionable  
 3-23 payroll until the amount of the liability layer remaining is  
 3-24 reduced to zero.  
 3-25 (10-c) "Liability gain layer" means a liability layer  
 3-26 that decreases the unfunded actuarial accrued liability.  
 3-27 (10-d) "Liability layer" means:  
 3-28 (A) the legacy liability established in the  
 3-29 initial risk sharing valuation study under Section 10.05 of this  
 3-30 Act; or  
 3-31 (B) for calendar years after December 31, 2024,  
 3-32 the amount that the fund's unfunded actuarial accrued liability  
 3-33 increases or decreases, as applicable, due to the unanticipated  
 3-34 change for the calendar year as determined in each subsequent risk  
 3-35 sharing valuation study prepared under Section 10.06 of this Act.  
 3-36 (10-e) "Liability loss layer" means a liability layer  
 3-37 that increases the unfunded actuarial accrued liability. For  
 3-38 purposes of this Act, the legacy liability is a liability loss  
 3-39 layer.  
 3-40 (10-f) "Maximum municipal contribution rate" means,  
 3-41 for a given calendar year, the rate equal to the corridor midpoint  
 3-42 plus the corridor margin.  
 3-43 (11-a) "Minimum municipal contribution rate" means,  
 3-44 for a given calendar year, the rate equal to the corridor midpoint  
 3-45 minus the corridor margin.  
 3-46 (11-b) "Municipal contribution rate" means, for a  
 3-47 given calendar year, a percentage rate equal to the sum of the  
 3-48 employer normal cost rate and the amortization rate, as adjusted  
 3-49 under Section 10.07 or 10.08 of this Act, if applicable.  
 3-50 (11-c) "Municipal legacy contribution amount" means,  
 3-51 for each calendar year, a predetermined payment amount expressed in  
 3-52 dollars in accordance with a payment schedule amortizing the legacy  
 3-53 liability for the calendar year ending December 31, 2024, that is  
 3-54 included in the initial risk sharing valuation study under Section  
 3-55 10.05 of this Act.  
 3-56 (11-d) "Normal cost rate" means, for a given calendar  
 3-57 year, the salary weighted average of the individual normal cost  
 3-58 rates determined for the current active member population, plus the  
 3-59 assumed administrative expenses determined in the most recent  
 3-60 actuarial experience study.  
 3-61 (11-e) "Payoff year" means the year a liability layer  
 3-62 is fully amortized under the amortization period.  
 3-63 (11-f) "Pensionable payroll" means the compensation  
 3-64 of all members in active service for a calendar year or pay period,  
 3-65 as applicable.  
 3-66 (11-g) "Projected pensionable payroll" means the  
 3-67 estimated pensionable payroll for the calendar year beginning 12  
 3-68 months after the date of the risk sharing valuation study prepared  
 3-69 under Section 10.05 or 10.06 of this Act, as applicable, at the time

4-1 of calculation by:

4-2 (A) projecting the prior calendar year's  
4-3 pensionable payroll forward two years using the current payroll  
4-4 growth rate assumption adopted by the board of trustees; and

4-5 (B) adjusting, if necessary, for changes in  
4-6 population or other known factors, provided those factors would  
4-7 have a material impact on the calculation, as determined by the  
4-8 board of trustees.

4-9 (13-a) "Unanticipated change" means, with respect to  
4-10 the unfunded actuarial accrued liability in each subsequent risk  
4-11 sharing valuation study prepared under Section 10.06 of this Act,  
4-12 the difference between:

4-13 (A) the remaining balance of all then-existing  
4-14 liability layers as of the date of the risk sharing valuation study  
4-15 that were created before the date of the study; and

4-16 (B) the actual unfunded actuarial accrued  
4-17 liability as of the date of the risk sharing valuation study.

4-18 (13-b) "Unfunded actuarial accrued liability" means  
4-19 the difference between the actuarial accrued liability and the  
4-20 actuarial value of assets.

4-21 SECTION 3. Article 1, Chapter 183 (S.B. 598), Acts of the  
4-22 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
4-23 Texas Civil Statutes), is amended by adding Section 1.031 to read as  
4-24 follows:

4-25 Sec. 1.031. OPERATING NAME. The board of trustees may by  
4-26 rule adopt a name under which the fund may operate other than the  
4-27 name prescribed by Section 1.03 of this Act.

4-28 SECTION 4. Article 2, Chapter 183 (S.B. 598), Acts of the  
4-29 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
4-30 Texas Civil Statutes), is amended by adding Section 2.015 to read as  
4-31 follows:

4-32 Sec. 2.015. FUND QUALIFICATION. This Act shall be  
4-33 construed, and the fund shall be administered, in a manner that  
4-34 maintains the qualified status of the fund under Section 401(a) of  
4-35 the Internal Revenue Code.

4-36 SECTION 5. Section 2.02, Chapter 183 (S.B. 598), Acts of the  
4-37 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
4-38 Texas Civil Statutes), is amended to read as follows:

4-39 Sec. 2.02. COMPOSITION OF BOARD. (a) The board of  
4-40 trustees is composed of:

4-41 (1) the mayor of the municipality or a member of the  
4-42 governing body of the municipality designated by the mayor;

4-43 (2) the chief financial officer of the municipality or  
4-44 a person designated by the chief financial officer [~~city treasurer~~  
4-45 ~~or, if there is no treasurer, the person who by law, charter~~  
4-46 ~~provision, or ordinance performs the duty of city treasurer]; [and]~~

4-47 (3) ~~four~~ [three] members of the fund to be selected by  
4-48 vote of the firefighters and retirees in the manner provided by this  
4-49 Act; and

4-50 (4) one member of the public selected and appointed by  
4-51 the governing body of the municipality in accordance with Section  
4-52 2.025 of this Act.

4-53 (b) The board of trustees may by rule specify the number of  
4-54 elected members of the board of trustees under Subsection (a) of  
4-55 this section who must be firefighters or retirees.

4-56 SECTION 6. Article 2, Chapter 183 (S.B. 598), Acts of the  
4-57 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
4-58 Texas Civil Statutes), is amended by adding Section 2.025 to read as  
4-59 follows:

4-60 Sec. 2.025. APPOINTED PUBLIC MEMBER OF BOARD. (a) To serve  
4-61 on the board under Section 2.02(a)(4) of this Act, a person:

4-62 (1) must:

4-63 (A) be a qualified voter;

4-64 (B) be a resident and have been a resident of the  
4-65 municipality for the five-year period preceding the date of the  
4-66 appointment; and

4-67 (C) have demonstrated experience in the field of  
4-68 finance or investments; and

4-69 (2) may not be:

5-1 (A) a current or former employee or officer of  
 5-2 the municipality;

5-3 (B) a current or former employee of the fund or a  
 5-4 current or former member of the board of trustees; or

5-5 (C) a current or former member or beneficiary of  
 5-6 the fund.

5-7 (b) A member of the board of trustees under Section  
 5-8 2.02(a)(4) of this Act:

5-9 (1) holds office for a term of four years; and

5-10 (2) serves during the term for which the member was  
 5-11 appointed and until the member's successor is selected and has  
 5-12 qualified, unless a vacancy results because of death, resignation,  
 5-13 or removal.

5-14 (c) A vacancy on the board of trustees in the position under  
 5-15 Section 2.02(a)(4) of this Act shall be filled in the same manner as  
 5-16 the original appointment.

5-17 SECTION 7. Section 2.03, Chapter 183 (S.B. 598), Acts of the  
 5-18 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
 5-19 Texas Civil Statutes), is amended by amending Subsections (c), (e),  
 5-20 and (h) and adding Subsection (c-1) to read as follows:

5-21 (c) Each election is by secret ~~[written]~~ ballot on a date  
 5-22 and using a method the board of trustees determines. Only persons  
 5-23 who have been nominated may be listed on the ~~[written]~~  
 5-24 ballot. Nominations:

5-25 (1) may be made in person, by mail, ~~[or]~~ by telephone,  
 5-26 or by any other method approved by the board of trustees; ~~[to the~~  
 5-27 ~~office of the fund]~~ and

5-28 (2) must be received between September 1 and September  
 5-29 15.

5-30 (c-1) Nominations or elections may be conducted by  
 5-31 electronic means.

5-32 (e) The elected members of the board of trustees hold office  
 5-33 for staggered terms of four ~~[three]~~ years, with the term of one  
 5-34 trustee expiring each year. Elected members of the board of  
 5-35 trustees shall serve during the term for which they are elected and  
 5-36 until their successors are elected and have qualified, unless a  
 5-37 vacancy results because of death, resignation, or removal.

5-38 (h) The administrative expenses of an election under this  
 5-39 section may be paid from the assets of the fund. Assets of the fund  
 5-40 may not be used to pay campaign expenses incurred by or for a  
 5-41 candidate ~~[member]~~. Administrative office supplies and equipment  
 5-42 belonging to the fund may not be used to assist any candidate or  
 5-43 person seeking to assist a candidate for a position on the board of  
 5-44 trustees.

5-45 SECTION 8. Section 2.05, Chapter 183 (S.B. 598), Acts of the  
 5-46 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
 5-47 Texas Civil Statutes), is amended to read as follows:

5-48 Sec. 2.05. OFFICERS. ~~[The mayor is the presiding officer~~  
 5-49 ~~and the city treasurer is the secretary-treasurer of the board of~~  
 5-50 ~~trustees.]~~ The board shall elect annually from its membership a  
 5-51 chair to serve as the presiding officer and a vice-chair to serve as  
 5-52 the ~~[an]~~ alternate presiding officer who shall preside in the  
 5-53 absence or disability of the chair ~~[mayor]~~.

5-54 SECTION 9. Section 2.07, Chapter 183 (S.B. 598), Acts of the  
 5-55 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
 5-56 Texas Civil Statutes), is amended to read as follows:

5-57 Sec. 2.07. MEETINGS; MINUTES. The board of trustees shall  
 5-58 hold regular ~~[monthly]~~ meetings not fewer than four times each  
 5-59 calendar year at a time and place that it designates and may hold  
 5-60 special meetings on the call of the presiding officer or alternate  
 5-61 presiding officer. The board of trustees shall keep accurate  
 5-62 minutes of its meetings and records of its proceedings.

5-63 SECTION 10. Section 2.08, Chapter 183 (S.B. 598), Acts of  
 5-64 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 5-65 Vernon's Texas Civil Statutes), is amended to read as follows:

5-66 Sec. 2.08. ADMINISTRATION OF FUNDS. The board of trustees  
 5-67 shall:

5-68 (1) keep separate from all other municipal funds all  
 5-69 money and other assets it receives for the benefit of the fund;

6-1 (2) keep a record of all claims, receipts, and  
6-2 disbursements and make disbursements only [~~on vouchers signed~~] by  
6-3 such persons as the board of trustees designates [~~by resolution~~];  
6-4 and

6-5 (3) publish annually a report containing a balance  
6-6 sheet showing the financial and actuarial condition of the fund, a  
6-7 statement showing receipts and disbursements during the year  
6-8 covered by the report, and such additional matters as may be  
6-9 determined appropriate by the board of trustees.

6-10 SECTION 11. Section 2.09, Chapter 183 (S.B. 598), Acts of  
6-11 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
6-12 Vernon's Texas Civil Statutes), is amended to read as follows:

6-13 Sec. 2.09. DETERMINATION BY BOARD. (a) The board of  
6-14 trustees is authorized to hear and determine all matters regarding:

6-15 (1) eligibility of any person to participate in a fund  
6-16 under this Act;

6-17 (2) eligibility of any person to receive a service,  
6-18 disability, or survivor's benefit and the amount of that benefit;  
6-19 [~~and~~]

6-20 (3) whether a child or a parent of a deceased member  
6-21 was dependent on the member for financial support; and

6-22 (4) any other determinations related to the  
6-23 administration of the fund.

6-24 (b) All determinations made by the board of trustees shall  
6-25 be final and binding.

6-26 SECTION 12. Section 2.13(a), Chapter 183 (S.B. 598), Acts  
6-27 of the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
6-28 Vernon's Texas Civil Statutes), is amended to read as follows:

6-29 (a) Information contained in records in the custody of the  
6-30 fund concerning an individual member, retiree, annuitant, or  
6-31 beneficiary is confidential and not subject to public disclosure  
6-32 under Chapter 552 [~~Section 552.101~~], Government Code, and may not  
6-33 be disclosed in a form identifiable with a specific individual  
6-34 unless:

6-35 (1) the information is disclosed to:

6-36 (A) the individual or the individual's attorney,  
6-37 guardian, executor, administrator, conservator, or other person  
6-38 who the executive director [~~administrator~~] of the fund determines  
6-39 is acting in the interest of the individual or the individual's  
6-40 estate;

6-41 (B) a spouse or former spouse of the individual  
6-42 after the executive director [~~administrator~~] of the fund determines  
6-43 that the information is relevant to the spouse's or former spouse's  
6-44 interest in member accounts, benefits, or other amounts payable by  
6-45 the fund;

6-46 (C) a governmental official or employee after the  
6-47 executive director [~~administrator~~] of the fund determines that  
6-48 disclosure of the information requested is reasonably necessary to  
6-49 the performance of the duties of the official or employee; or

6-50 (D) a person authorized by the individual in  
6-51 writing to receive the information; or

6-52 (2) the information is disclosed pursuant to a  
6-53 subpoena and the executive director [~~administrator~~] of the fund  
6-54 determines that the individual will have a reasonable opportunity  
6-55 to contest the subpoena.

6-56 SECTION 13. Article 2, Chapter 183 (S.B. 598), Acts of the  
6-57 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
6-58 Texas Civil Statutes), is amended by adding Section 2.14 to read as  
6-59 follows:

6-60 Sec. 2.14. PROCESS FOR EXPERIENCE STUDIES AND CHANGES TO  
6-61 ACTUARIAL ASSUMPTIONS. (a) At least once every five years, the  
6-62 board of trustees shall have the board's actuary conduct an  
6-63 experience study to review the actuarial assumptions and methods  
6-64 adopted by the board for the purposes of determining the actuarial  
6-65 liabilities and actuarially determined contribution rates of the  
6-66 fund. The fund shall notify the municipality at the beginning of an  
6-67 upcoming experience study by the board's actuary.

6-68 (b) In connection with the fund's experience study, the  
6-69 municipality may:

7-1 (1) conduct a separate experience study using an  
7-2 actuary chosen by the municipality;  
7-3 (2) have the municipality's actuary review the  
7-4 experience study prepared by the board's actuary; or  
7-5 (3) accept the experience study prepared by the  
7-6 board's actuary.  
7-7 (c) If the municipality chooses to:  
7-8 (1) have a separate experience study performed under  
7-9 Subsection (b)(1) of this section, the municipality shall complete  
7-10 the study not later than three months after the date the fund  
7-11 notified the municipality of the fund's intent to conduct an  
7-12 experience study; or  
7-13 (2) have the municipality's actuary review the fund's  
7-14 experience study under Subsection (b)(2) of this section, the  
7-15 municipality shall complete the review not later than one month  
7-16 after the date the preliminary results of the experience study are  
7-17 presented to the board of trustees.  
7-18 (d) If the municipality chooses to have a separate  
7-19 experience study performed under Subsection (b)(1) of this section,  
7-20 or to have the municipality's actuary review the fund's experience  
7-21 study under Subsection (b)(2) of this section, the board's actuary  
7-22 and the municipality's actuary shall determine what the  
7-23 hypothetical municipal contribution rate would be using the  
7-24 proposed actuarial assumptions from the experience studies and data  
7-25 from the most recent actuarial valuation.  
7-26 (e) If the difference between the hypothetical municipal  
7-27 contribution rates determined by the board's actuary and the  
7-28 municipality's actuary under Subsection (d) of this section:  
7-29 (1) is less than or equal to two percent of pensionable  
7-30 payroll, then no further action is needed and the board shall use  
7-31 the experience study performed by the board's actuary in  
7-32 determining assumptions; or  
7-33 (2) is greater than two percent of pensionable  
7-34 payroll, then the board's actuary and the municipality's actuary  
7-35 shall have not more than 20 business days after the date of  
7-36 determination to reconcile the difference in actuarial assumptions  
7-37 or methods causing the different hypothetical municipal  
7-38 contribution rates, and:  
7-39 (A) if, as a result of the reconciliation efforts  
7-40 under this subdivision, the difference between the municipal  
7-41 contribution rates determined by the board's actuary and the  
7-42 municipality's actuary is reduced to less than or equal to two  
7-43 percentage points, then no further action is needed and the board  
7-44 shall use the experience study performed by the board's actuary in  
7-45 determining actuarial assumptions; or  
7-46 (B) if, after 20 business days, the board's  
7-47 actuary and the municipality's actuary are not able to reach a  
7-48 reconciliation that reduces the difference in the hypothetical  
7-49 municipal contribution rates to an amount less than or equal to two  
7-50 percentage points, an independent third-party actuary shall be  
7-51 retained to opine on the differences in the assumptions made and  
7-52 actuarial methods used by the board's actuary and the  
7-53 municipality's actuary.  
7-54 (f) The independent third-party actuary retained in  
7-55 accordance with Subsection (e)(2)(B) of this section shall be  
7-56 chosen by the municipality from a list of three actuarial firms  
7-57 provided by the fund.  
7-58 (g) If an independent third-party actuary is retained under  
7-59 Subsection (e)(2)(B) of this section, the third-party actuary's  
7-60 findings will be presented to the board along with the experience  
7-61 study conducted by the board's actuary and, if applicable, the  
7-62 municipality's actuary. If the board adopts actuarial assumptions  
7-63 or methods contrary to the third-party actuary's findings:  
7-64 (1) the fund shall provide a formal letter describing  
7-65 the rationale for the board's action to the governing body of the  
7-66 municipality and State Pension Review Board; and  
7-67 (2) the board's actuary and executive director shall  
7-68 be made available at the request of the governing body of the  
7-69 municipality or the State Pension Review Board to present in person

8-1 the rationale for the board's action.

8-2 (h) If the board proposes a change to actuarial assumptions  
 8-3 or methods that is not in connection with an experience study  
 8-4 described by this section, the fund and the municipality shall  
 8-5 follow the same process prescribed by this section with respect to  
 8-6 an experience study in connection with the proposed change.

8-7 SECTION 14. Section 3.01, Chapter 183 (S.B. 598), Acts of  
 8-8 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 8-9 Vernon's Texas Civil Statutes), is amended to read as follows:

8-10 Sec. 3.01. GENERAL REQUIREMENT. A person who begins  
 8-11 service as a firefighter in a municipality to which this Act applies  
 8-12 and who is not ineligible for membership in the fund becomes a  
 8-13 member of the fund as a condition of that person's employment  
 8-14 [appointment]. Each member shall be a group A member or group B  
 8-15 member in accordance with Section 3.011.

8-16 SECTION 15. Article 3, Chapter 183 (S.B. 598), Acts of the  
 8-17 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
 8-18 Texas Civil Statutes), is amended by adding Section 3.011 to read as  
 8-19 follows:

8-20 Sec. 3.011. GROUP A AND GROUP B MEMBERSHIP. Each member of  
 8-21 the fund is either a group A member or a group B member as follows:

8-22 (1) a member of the fund is a group A member if the  
 8-23 member was:

8-24 (A) a retiree on December 31, 2025;

8-25 (B) employed by the municipality as a firefighter  
 8-26 on December 31, 2025; or

8-27 (C) terminated from employment with the  
 8-28 municipality as a firefighter on or before December 31, 2025, if the  
 8-29 member:

8-30 (i) has at least 10 years of accumulated  
 8-31 service credit; and

8-32 (ii) has not:

8-33 (a) withdrawn the member's  
 8-34 accumulated contributions under Section 9.06 of this Act; or

8-35 (b) refunded the member's accumulated  
 8-36 contributions under Section 4.04 of this Act; and

8-37 (2) a member of the fund is a group B member if the  
 8-38 member:

8-39 (A) except as provided by Subdivision (1)(C) of  
 8-40 this section, became employed by the municipality as a firefighter  
 8-41 on or after January 1, 2026; or

8-42 (B) otherwise does not satisfy the requirements  
 8-43 of a group A member.

8-44 SECTION 16. Section 4.02, Chapter 183 (S.B. 598), Acts of  
 8-45 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 8-46 Vernon's Texas Civil Statutes), is amended to read as follows:

8-47 Sec. 4.02. MILITARY SERVICE. (a) A member of the fund  
 8-48 retains all accumulated service credit and is allowed service  
 8-49 credit for each month during which the member leaves employment  
 8-50 with the fire department and performs active duty service in the  
 8-51 armed forces or the armed forces reserves of the United States or  
 8-52 their auxiliaries, except that:

8-53 (1) the military service credit may not be for more  
 8-54 than five years and the person must return to service with the fire  
 8-55 department not later than the 180th day after the date of discharge  
 8-56 or release from military service or from hospitalization continuing  
 8-57 after discharge for a period of not more than one year;

8-58 (2) the member must leave the member's contributions  
 8-59 in the fund during the period of absence; ~~and~~

8-60 (3) the member must file a written application with  
 8-61 the fund for the military service credit, accompanied by  
 8-62 satisfactory proof of the member's military service; and

8-63 (4) for military service credit related to military  
 8-64 service performed on or after January 1, 2026, the member and the  
 8-65 municipality must each deposit to the fund an amount equal to the  
 8-66 sum of contributions that would have been contributed to the fund by  
 8-67 the member and the municipality, respectively, if the member had  
 8-68 remained in active employment with the fire department during the  
 8-69 period the claimed military service was performed.

9-1           (b) The payments required under this section must be made in  
 9-2 accordance with the applicable requirements of Section 414(u) of  
 9-3 the Internal Revenue Code and the Uniformed Services Employment and  
 9-4 Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et seq.).  
 9-5 The board of trustees may adopt rules relating to the payment of  
 9-6 contributions under this section as the board of trustees considers  
 9-7 necessary for the administration of this section.

9-8           SECTION 17. Section 5.03, Chapter 183 (S.B. 598), Acts of  
 9-9 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 9-10 Vernon's Texas Civil Statutes), is amended to read as follows:

9-11           Sec. 5.03. DETERMINATION OF AVERAGE MONTHLY SALARY. (a) A  
 9-12 member's average monthly salary is computed as:

9-13           (1) for a group A member, the average of the member's  
 9-14 compensation for the 36 months of highest compensation during the  
 9-15 group A member's credited service; or

9-16           (2) for a group B member, the average of the member's  
 9-17 compensation for the 60 months of highest compensation during the  
 9-18 group B member's credited service.

9-19           (b) If a member [person] has less than 36 or 60 months of  
 9-20 credited service, as applicable, the average monthly salary is  
 9-21 computed, as if the member had been employed by the fire department  
 9-22 for 36 or 60 months, as applicable, by attributing to a period that  
 9-23 is immediately before the member's employment and that is equal to  
 9-24 the difference between the number of months the member has been  
 9-25 employed by the fire department and 36 or 60 months, as applicable,  
 9-26 of compensation the member would have received at the rank the  
 9-27 member held when the person became a member.

9-28           SECTION 18. Section 5.04(a), Chapter 183 (S.B. 598), Acts  
 9-29 of the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 9-30 Vernon's Texas Civil Statutes), is amended to read as follows:

9-31           (a) The service retirement annuity of:

9-32           (1) a group A member [person] who retires under  
 9-33 Section 5.01 of this Act [on or after January 1, 1995,] is a monthly  
 9-34 payment that is equal to 3.3 [three] percent of the member's average  
 9-35 monthly compensation multiplied by the member's number of years of  
 9-36 service credit and any fraction of a year of service credit; or

9-37           (2) a group B member who retires under Section 5.01 of  
 9-38 this Act is a monthly payment that is equal to three percent of the  
 9-39 member's average monthly compensation multiplied by the member's  
 9-40 number of years of service credit and any fraction of a year of  
 9-41 service credit.

9-42           SECTION 19. Section 5.05, Chapter 183 (S.B. 598), Acts of  
 9-43 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 9-44 Vernon's Texas Civil Statutes), is amended to read as follows:

9-45           Sec. 5.05. EARLY RETIREMENT. (a) A group A member is  
 9-46 eligible to retire and receive a normal service retirement annuity  
 9-47 if the member, while serving as a firefighter in the fire  
 9-48 department:

9-49           (1) has attained the age of 45 years and has at least  
 9-50 10 years of service credit in the fund; or

9-51           (2) has at least 20 years of service credit,  
 9-52 regardless of age.

9-53           (b) The retirement annuity of a group A member [person] who  
 9-54 retires under this section after September 1, 1997, is the same as  
 9-55 for normal service retirement, but may not be increased under  
 9-56 Section 9.04 of this Act until the person would have met the  
 9-57 requirements of Section 9.041(b) [5.01] of this Act [if the person  
 9-58 had remained in active service as a firefighter].

9-59           (c) A group B member is not eligible for early retirement  
 9-60 under this section.

9-61           SECTION 20. Section 6.01, Chapter 183 (S.B. 598), Acts of  
 9-62 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 9-63 Vernon's Texas Civil Statutes), is amended to read as follows:

9-64           Sec. 6.01. INITIAL ELIGIBILITY FOR DISABILITY RETIREMENT.  
 9-65 A firefighter is eligible to retire and receive a disability  
 9-66 retirement annuity if:

9-67           (1) application for retirement is made by the member  
 9-68 or the member's legal representative [or if the board of trustees  
 9-69 determines that, although no application has been filed, retirement

10-1 ~~is for the good of the fire department];~~

10-2 (2) the medical board certifies that the member is  
10-3 unable to perform the duties of the member's occupation as a  
10-4 firefighter and sends the member's application to the board of  
10-5 trustees; and

10-6 (3) the board of trustees approves the disability  
10-7 retirement.

10-8 SECTION 21. Section 6.03, Chapter 183 (S.B. 598), Acts of  
10-9 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
10-10 Vernon's Texas Civil Statutes), is amended to read as follows:

10-11 Sec. 6.03. AMOUNT OF DISABILITY BENEFIT. Subject to  
10-12 adjustment under Section 6.05 or Section 9.04 or 9.042, as  
10-13 applicable, of this Act, the disability retirement benefit payable  
10-14 to a member is the normal service retirement benefit described by  
10-15 Section 5.04 of this Act, but not less than the member would have  
10-16 received after 20 years of service credit.

10-17 SECTION 22. Section 6.04, Chapter 183 (S.B. 598), Acts of  
10-18 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
10-19 Vernon's Texas Civil Statutes), is amended to read as follows:

10-20 Sec. 6.04. TERMINATION DURING FIRST 2-1/2 YEARS. If,  
10-21 during the first 2-1/2 years of disability retirement, a retiree  
10-22 recovers to the extent that the person is able to perform the duties  
10-23 of the person's job as a firefighter, the board of trustees may  
10-24 terminate the disability retirement benefit [~~and restore the person~~  
10-25 ~~to active service at not less than the same rank the person held at~~  
10-26 ~~the time of disability retirement~~].

10-27 SECTION 23. Section 7.01, Chapter 183 (S.B. 598), Acts of  
10-28 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
10-29 Vernon's Texas Civil Statutes), is amended to read as follows:

10-30 Sec. 7.01. SURVIVING SPOUSE OF FIREFIGHTER. If a  
10-31 firefighter dies before retirement, regardless of whether the  
10-32 firefighter is a group A or group B member, the firefighter's  
10-33 surviving spouse is entitled to receive an immediate monthly  
10-34 benefit from the fund of 75 percent of the service retirement  
10-35 benefit that the firefighter would have received if the firefighter  
10-36 had retired on the date of death, but not less than 75 percent of the  
10-37 monthly payment the decedent would have received based on 20 years  
10-38 of service credit.

10-39 SECTION 24. Section 7.02, Chapter 183 (S.B. 598), Acts of  
10-40 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
10-41 Vernon's Texas Civil Statutes), is amended to read as follows:

10-42 Sec. 7.02. SURVIVING SPOUSE OF GROUP A RETIREE. (a) On the  
10-43 death of a retiree who is a group A member, the retiree's surviving  
10-44 spouse is entitled to receive an immediate monthly benefit from the  
10-45 fund of 75 percent of the retirement benefit that was being paid to  
10-46 the retiree if the spouse [+  
10-47 [~~(1)~~] was married to the retiree at the time of the  
10-48 retiree's retirement[~~, or~~

10-49 [~~(2) married the retiree after the retiree's~~  
10-50 ~~retirement and was married to the retiree for at least 24~~  
10-51 ~~consecutive months~~].

10-52 (b) With [~~For purposes of Subsection (a)(1) of this section,~~  
10-53 ~~with~~] respect to an informal marriage established in this state, a  
10-54 surviving spouse is considered married to a retiree as of the date a  
10-55 declaration of informal marriage was recorded in accordance with  
10-56 Subchapter E, Chapter 2, Family Code.

10-57 (c) This section does not apply to the surviving spouse of a  
10-58 group B member.

10-59 SECTION 25. The heading to Section 7.03, Chapter 183 (S.B.  
10-60 598), Acts of the 64th Legislature, Regular Session, 1975 (Article  
10-61 6243e.1, Vernon's Texas Civil Statutes), is amended to read as  
10-62 follows:

10-63 Sec. 7.03. SURVIVING SPOUSE OF FORMER GROUP A FIREFIGHTER.

10-64 SECTION 26. Section 7.03, Chapter 183 (S.B. 598), Acts of  
10-65 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
10-66 Vernon's Texas Civil Statutes), is amended by amending Subsection  
10-67 (a) and adding Subsection (e) to read as follows:

10-68 (a) An immediate monthly benefit is payable to the surviving  
10-69 spouse of a former firefighter who:

11-1 (1) was a group A member;  
 11-2 (2) before termination of employment with the fire  
 11-3 department had accumulated at least 10 years of service credit in  
 11-4 the fund and had made required contributions to the fund for a  
 11-5 period of at least 10 years; and

11-6 (3) ~~[(2)]~~ did not withdraw the member's contributions  
 11-7 from the fund at the time of or after the termination of employment.

11-8 (e) This section does not apply to the surviving spouse of a  
 11-9 group B member.

11-10 SECTION 27. Section 7.05, Chapter 183 (S.B. 598), Acts of  
 11-11 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 11-12 Vernon's Texas Civil Statutes), is amended by amending Subsections  
 11-13 (a) and (b) and adding Subsection (d) to read as follows:

11-14 (a) On the death of a member who at the time of the member's  
 11-15 death was a firefighter, regardless of whether the member is a group  
 11-16 A or group B member, or a retired group A member, if there is no  
 11-17 surviving spouse, a benefit is payable to the decedent's surviving  
 11-18 dependent children, if any. The total monthly benefit payable  
 11-19 under this subsection is 75 percent of the monthly payment that the  
 11-20 decedent would have received under the service retirement benefit  
 11-21 described by Section 5.04 of this Act, but not less than 75 percent  
 11-22 of the monthly payment the decedent would have received based on 20  
 11-23 years of service credit. If there is more than one dependent child  
 11-24 of the decedent, each dependent child is entitled to receive an  
 11-25 equal share of the total monthly payment under this subsection.

11-26 (b) On the death of a member who at the time of the member's  
 11-27 death was a firefighter, regardless of whether the member is a group  
 11-28 A or group B member, or a retired group A member ~~[under this Act]~~,  
 11-29 if there is a surviving spouse, a benefit is payable to each of the  
 11-30 decedent's surviving dependent children, if any. The monthly  
 11-31 amount of the benefit payable to each child is 15 percent of the  
 11-32 monthly payment that the decedent would have received under the  
 11-33 service retirement benefit described by Section 5.04 of this Act,  
 11-34 but not less than 15 percent of the monthly payment the decedent  
 11-35 would have received based on 20 years of service credit. If the  
 11-36 decedent left more than five surviving dependent children, the  
 11-37 monthly benefit payable to each dependent child shall be reduced so  
 11-38 that the total monthly benefit payable under this subsection does  
 11-39 not exceed the total monthly benefit that would have been payable if  
 11-40 the decedent had left no surviving spouse.

11-41 (d) This section does not apply to the surviving children of  
 11-42 a retired group B member.

11-43 SECTION 28. Section 7.06, Chapter 183 (S.B. 598), Acts of  
 11-44 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 11-45 Vernon's Texas Civil Statutes), is amended to read as follows:

11-46 Sec. 7.06. PAYMENTS TO DEPENDENT PARENTS. (a) If a  
 11-47 deceased member who was a retired group A member leaves no surviving  
 11-48 spouse, no surviving designated beneficiary, and no surviving  
 11-49 children entitled to receive a benefit under this Act but is  
 11-50 survived by one or more dependent parents, the dependent parent, or  
 11-51 one of the surviving parents designated by the board of trustees, is  
 11-52 entitled to receive a monthly benefit payment equal to the monthly  
 11-53 amount that would have been payable to a surviving spouse of the  
 11-54 deceased. All payments under this section cease on the death of the  
 11-55 surviving dependent parent.

11-56 (b) This section does not apply to the surviving dependent  
 11-57 parents of a group B member.

11-58 SECTION 29. Section 7.09, Chapter 183 (S.B. 598), Acts of  
 11-59 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 11-60 Vernon's Texas Civil Statutes), is amended to read as follows:

11-61 Sec. 7.09. SURVIVING BENEFICIARY OF CERTAIN UNMARRIED GROUP  
 11-62 A MEMBERS. (a) On the death of a ~~[retiree or of a]~~ member,  
 11-63 including a retiree, who is a group A member and, at the time of the  
 11-64 member's death, was eligible for retirement but had ~~[has]~~ not  
 11-65 retired, a benefit is payable under this section if:

11-66 (1) the ~~[retiree or]~~ member designated a beneficiary  
 11-67 to receive the benefit payable under this section on a form filed  
 11-68 with the fund; and

11-69 (2) this Act does not otherwise provide a benefit

12-1 payable to a surviving spouse or child of the member [~~or retiree~~].

12-2 (b) The benefit payable under this section is an immediate  
12-3 monthly benefit from the fund of 75 percent of the amount of the:

12-4 (1) retirement benefit that was being paid to the  
12-5 group A member as a retiree; or

12-6 (2) normal service retirement benefit that the group A  
12-7 member would have received if the member had retired on the date of  
12-8 death.

12-9 (c) If the designated beneficiary of a group A [~~retiree or~~]  
12-10 member is 10 or more years younger than the [~~retiree or~~] member at  
12-11 the time of the [~~retiree's or~~] member's death, the amount of the  
12-12 benefit payable under Subsection (b) of this section shall be  
12-13 reduced to the actuarial equivalent of the benefit that would have  
12-14 been payable if the beneficiary and the [~~retiree or~~] member were the  
12-15 same age.

12-16 (d) The board of trustees may adopt rules to establish  
12-17 procedures for and requirements governing a group A member's  
12-18 designation of a beneficiary under this section.

12-19 (e) This section does not apply to a group B member.

12-20 SECTION 30. Section 8.01, Chapter 183 (S.B. 598), Acts of  
12-21 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
12-22 Vernon's Texas Civil Statutes), is amended to read as follows:

12-23 Sec. 8.01. MEMBER REMAINING IN ACTIVE SERVICE. In lieu of  
12-24 either leaving active service and beginning to receive a service  
12-25 retirement annuity under Section 5.01 of this Act or remaining in  
12-26 active service and continuing to accrue additional service credit  
12-27 under Section 5.02 of this Act, a member who is eligible to receive  
12-28 a normal service retirement benefit under Section 5.01 of this Act  
12-29 may remain in active service, become a participant in the DROP  
12-30 [~~deferred retirement option plan ("DROP")~~] in accordance with  
12-31 [~~Sections 8.02 and 8.03 of~~] this Act, and defer the beginning of the  
12-32 person's retirement annuity. Once an election to participate in  
12-33 the DROP has been made, the election continues in effect as long as  
12-34 the member remains in active service as a firefighter. When the  
12-35 member leaves active service, the member may apply for a service  
12-36 retirement annuity under Section 5.01 of this Act.

12-37 SECTION 31. Section 8.02, Chapter 183 (S.B. 598), Acts of  
12-38 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
12-39 Vernon's Texas Civil Statutes), is amended to read as follows:

12-40 Sec. 8.02. ELECTION TO PARTICIPATE IN DROP. The election to  
12-41 participate in the DROP shall be made in accordance with procedures  
12-42 adopted by the board of trustees. The election may be made at any  
12-43 time on or after the date the member becomes eligible for normal  
12-44 service retirement under Section 5.01 of this Act or early  
12-45 retirement under Section 5.05 of this Act and becomes effective on  
12-46 the first day of the first month after the date of the election. At  
12-47 the same time that a member makes an election to participate in the  
12-48 DROP, the member must agree in writing to terminate service with the  
12-49 fire department on a date not later than the seventh anniversary of  
12-50 the effective date of the election under this section. An agreement  
12-51 to terminate service is binding on the member and the fire  
12-52 department, except that the member may terminate active service at  
12-53 any time before the date selected. An election to participate in  
12-54 the DROP has no effect on either the municipality's or the member's  
12-55 contributions under Article 10 [~~Section 10.01~~] of this Act.

12-56 SECTION 32. Section 8.03, Chapter 183 (S.B. 598), Acts of  
12-57 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
12-58 Vernon's Texas Civil Statutes), is amended to read as follows:

12-59 Sec. 8.03. CREDITS TO MEMBER'S DROP ACCOUNT DURING DROP  
12-60 PERIOD. (a) Each month during a member's DROP period [~~after a~~  
12-61 ~~member makes an election to participate in the DROP and until the~~  
12-62 ~~member's retirement~~], the board of trustees shall cause an amount  
12-63 equal to the retirement annuity that the member would have received  
12-64 under Section 5.04 of this Act for that month if the member had left  
12-65 active service and been granted a retirement annuity on the  
12-66 effective date of the election under Section 8.02 of this Act to be  
12-67 credited to a separate DROP account maintained within the fund for  
12-68 the benefit of the member.

12-69 (b) In addition to the amounts credited under Subsection (a)

13-1 of this section, the board of trustees shall cause an amount equal  
 13-2 to all or a portion of the firefighter's ~~[The member's]~~  
 13-3 contributions under Section 10.011 ~~[Section 10.01(d)]~~ of this Act  
 13-4 made after the effective date of the election to participate in the  
 13-5 DROP to ~~[shall also]~~ be credited to the member's DROP account as  
 13-6 follows:

13-7 (1) if the member is a group A member, 100 percent of  
 13-8 the contributions; or

13-9 (2) if the member is a group B member, 50 percent of  
 13-10 the contributions.

13-11 (c) Amounts held in a member's DROP account during the DROP  
 13-12 period shall be credited with interest on December 31 ~~[at the end]~~  
 13-13 of each calendar year ~~[month with interest]~~ at a rate equal to:

13-14 (1) ~~[one-twelfth of]~~ five percent for a group A  
 13-15 member; or

13-16 (2) four percent for a group B member ~~[until the~~  
 13-17 ~~member's retirement]~~.

13-18 SECTION 33. Article 8, Chapter 183 (S.B. 598), Acts of the  
 13-19 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
 13-20 Texas Civil Statutes), is amended by adding Section 8.031 to read as  
 13-21 follows:

13-22 Sec. 8.031. INTEREST CREDITED AFTER DROP PERIOD. Amounts  
 13-23 held in a member's DROP account after the DROP period shall be  
 13-24 credited with interest:

13-25 (1) if the member is a group A member, for each period:  
 13-26 (A) before January 1, 2026, at the end of each  
 13-27 calendar month at a rate equal to one-twelfth of five percent; or

13-28 (B) on or after January 1, 2026, on December 31 of  
 13-29 each calendar year at a rate equal to five percent; or

13-30 (2) if the member is a group B member, on December 31  
 13-31 of each calendar year at a rate equal to:

13-32 (A) four percent, if the fund's annual investment  
 13-33 return for the preceding calendar year is greater than zero  
 13-34 percent; or

13-35 (B) two percent, if the fund's annual investment  
 13-36 return for the preceding calendar year is equal to or less than zero  
 13-37 percent.

13-38 SECTION 34. Section 8.04, Chapter 183 (S.B. 598), Acts of  
 13-39 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 13-40 Vernon's Texas Civil Statutes), is amended to read as follows:

13-41 Sec. 8.04. ADJUSTMENTS TO ~~[AMOUNT OF]~~ CREDITS TO MEMBER'S  
 13-42 DROP ACCOUNT. (a) The amount credited ~~[monthly]~~ to the member's  
 13-43 DROP account:

13-44 (1) shall be increased ~~[as a result of any increase in~~  
 13-45 ~~the formula used in computing service retirement benefits under~~  
 13-46 ~~Section 5.04 of this Act that occurs after the effective date of the~~  
 13-47 ~~member's election to participate in the DROP but before the~~  
 13-48 ~~effective date of the member's retirement,~~

13-49 ~~[(2) shall be increased]~~ by any ~~[annual]~~ cost-of-living  
 13-50 adjustments under Section 9.04 of this Act that occur during the  
 13-51 group A member's DROP period, including adjustments granted before  
 13-52 January 1, 2026, ~~[between the effective date of the member's~~  
 13-53 ~~election to participate in the DROP and the effective date of the~~  
 13-54 ~~member's retirement]~~ but only as to amounts credited to the member's  
 13-55 DROP account after a cost-of-living adjustment; and

13-56 (2) ~~[(3)]~~ is subject to the limitations prescribed by  
 13-57 Section 9.03 of this Act.

13-58 (b) Subsection (a)(1) of this section does not apply to a  
 13-59 group B member.

13-60 SECTION 35. Section 8.05(d), Chapter 183 (S.B. 598), Acts  
 13-61 of the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 13-62 Vernon's Texas Civil Statutes), is amended to read as follows:

13-63 (d) The board of trustees may adopt rules that modify the  
 13-64 availability of distributions under Subsection (a) of this section,  
 13-65 provided that the modifications do not:

13-66 (1) impair the distribution rights under that  
 13-67 subsection; or

13-68 (2) cause distributions to occur later than required  
 13-69 under Section 401(a)(9), Internal Revenue Code ~~[of 1986]~~.

14-1 SECTION 36. Section 8.06, Chapter 183 (S.B. 598), Acts of  
 14-2 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 14-3 Vernon's Texas Civil Statutes), is amended to read as follows:

14-4 Sec. 8.06. ESTABLISHMENT OF DROP ACCOUNT AT RETIREMENT FOR  
 14-5 GROUP A MEMBERS. (a) In lieu of electing to participate in the DROP  
 14-6 before actual retirement, a group A member who is eligible for  
 14-7 normal service retirement or early retirement and who terminates or  
 14-8 has terminated active service as a firefighter may establish a DROP  
 14-9 account under this section.

14-10 (b) A group A member who is eligible to receive a service  
 14-11 retirement benefit under Section 5.06 of this Act may establish a  
 14-12 DROP account under this section on retiring under Section 5.06 of  
 14-13 this Act.

14-14 (c) If a group A member elects to participate in the DROP  
 14-15 under this section:

14-16 (1) the board of trustees shall cause to be credited to  
 14-17 a DROP account maintained within the fund for the benefit of that  
 14-18 person an amount equal to the credits that the member's DROP account  
 14-19 would have received, including interest in accordance with Section  
 14-20 8.03 of this Act, if the member had established the DROP account  
 14-21 after becoming eligible for service retirement, but not more than  
 14-22 seven years before the actual [~~effective~~] date of the member's  
 14-23 [~~person's~~] retirement from the fire department;

14-24 (2) the date used in computations under Subdivision  
 14-25 (1) of this subsection [~~section~~] as if the member had established  
 14-26 the DROP account on that date is the effective date of the member's  
 14-27 election to participate in the DROP;

14-28 (3) the member will receive payments from the member's  
 14-29 DROP account as the member may select under Section 8.05 of this  
 14-30 Act; and

14-31 (4) the member's DROP account shall be credited with  
 14-32 interest as provided by:

14-33 (A) Section 8.03 [~~8.05~~] of this Act during the  
 14-34 DROP period; or  
 14-35 (B) Section 8.031 of this Act after the DROP  
 14-36 period.

14-37 (d) If a group A member who did not establish a DROP account  
 14-38 under this section but was eligible to do so dies before retirement,  
 14-39 the surviving spouse, if any, of that member may elect to  
 14-40 participate in the DROP if the surviving spouse has not received any  
 14-41 benefit payments under Section 7.01 of this Act. If a surviving  
 14-42 spouse makes an election under this subsection:

14-43 (1) the board of trustees shall cause to be paid to the  
 14-44 surviving spouse in a lump sum, as soon as administratively  
 14-45 possible after the fund receives notice of the election, an amount  
 14-46 equal to the credits that the member's DROP account would have  
 14-47 received, including interest, if the member had established the  
 14-48 DROP account after becoming eligible for service retirement, but  
 14-49 not more than seven years before the date of the member's death; and

14-50 (2) the amount of the benefit payable to the surviving  
 14-51 spouse under Section 7.03 of this Act is 75 percent of the benefit  
 14-52 the member would have been eligible to receive if the member had  
 14-53 established the DROP account on becoming eligible for service  
 14-54 retirement, but not more than seven years before the date of the  
 14-55 member's death.

14-56 (e) If a group A member who did not establish a DROP account  
 14-57 under this section but was eligible to do so dies before retirement  
 14-58 without leaving a surviving spouse, the surviving dependent  
 14-59 children, if any, may elect to participate in the DROP if the  
 14-60 dependent children have not received any benefit payments under  
 14-61 Section 7.05 of this Act. An election under this subsection must be  
 14-62 made by all of the surviving dependent children of the member,  
 14-63 except that the guardian of any child who is younger than 18 years  
 14-64 of age at the time of the election makes a binding election for the  
 14-65 child. If the surviving dependent children make an election under  
 14-66 this subsection:

14-67 (1) the board of trustees shall cause to be paid  
 14-68 jointly to the dependent children in a lump sum, as soon as  
 14-69 administratively possible after the fund receives notice of the

15-1 election, an amount equal to the credits the member's DROP account  
 15-2 would have received, including interest, if the member had  
 15-3 established the DROP account after becoming eligible for service  
 15-4 retirement, but not less than the credits the DROP account would  
 15-5 have received, including interest, based on 20 years of service  
 15-6 credit; and

15-7 (2) the amount of the benefit payable to the dependent  
 15-8 children under Section 7.05(a) of this Act is 75 percent of the  
 15-9 benefit the member would have been entitled to receive if the member  
 15-10 had established the DROP account on becoming eligible for service  
 15-11 retirement, but based on not less than 20 years of service credit.

15-12 (f) A group B member is not eligible to establish a DROP  
 15-13 account under this section.

15-14 SECTION 37. Section 8.08, Chapter 183 (S.B. 598), Acts of  
 15-15 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 15-16 Vernon's Texas Civil Statutes), is amended to read as follows:

15-17 Sec. 8.08. SUBSEQUENT DISABILITY OF DROP PARTICIPANT. A  
 15-18 member who participates in the DROP becomes ineligible for any  
 15-19 disability benefits described by Article 6 of this Act. Instead,  
 15-20 if the board of trustees determines that the member would have been  
 15-21 eligible for disability retirement, the board of trustees shall  
 15-22 grant a normal service retirement annuity as described by Section  
 15-23 5.04 of this Act and shall pay the member both:

15-24 (1) the service retirement annuity as calculated under  
 15-25 Section 8.03(a) of this Act; and

15-26 (2) a distribution of the DROP account that has  
 15-27 accumulated as of the date of termination of employment in  
 15-28 accordance with [as described by] Section 8.05 of this Act.

15-29 SECTION 38. Section 8.09, Chapter 183 (S.B. 598), Acts of  
 15-30 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 15-31 Vernon's Texas Civil Statutes), is amended to read as follows:

15-32 Sec. 8.09. RETIREMENT BENEFIT PAYABLE TO DROP PARTICIPANT.  
 15-33 (a) The retirement benefit payable under Article 5 or 6 of this Act  
 15-34 to a person who participates in the DROP:

15-35 (1) ~~[may not be increased as a result of any increase~~  
 15-36 ~~in the formula used in computing service retirement benefits under~~  
 15-37 ~~Section 5.04 of this Act that occurs after the effective date of the~~  
 15-38 ~~member's election to participate in the DROP;~~

15-39 ~~[(2)]~~ may not be increased as a result of any increase  
 15-40 in the member's compensation that occurs after the effective date  
 15-41 of the member's election to participate in the DROP;

15-42 (2) ~~[(3)]~~ shall be increased by any ~~[annual]~~  
 15-43 ~~cost-of-living~~ adjustments under Section 9.04 of this Act that  
 15-44 occur during the group A member's DROP period, including  
 15-45 adjustments granted before January 1, 2026 [between the effective  
 15-46 date of the member's election to participate in the DROP and the  
 15-47 effective date of the member's retirement];

15-48 (3) ~~[(4)]~~ may not be increased for additional service  
 15-49 credit after the effective date of the member's election to  
 15-50 participate in the DROP; and

15-51 (4) ~~[(5)]~~ is subject to the limitations prescribed by  
 15-52 Section 9.03 of this Act.

15-53 (b) Subsection (a)(2) of this section does not apply to a  
 15-54 group B member.

15-55 SECTION 39. Section 8.10, Chapter 183 (S.B. 598), Acts of  
 15-56 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 15-57 Vernon's Texas Civil Statutes), is amended to read as follows:

15-58 Sec. 8.10. TERMINATION OR MODIFICATION OF DROP BY FUND. To  
 15-59 maintain the actuarial soundness of the fund [If the board's  
 15-60 actuary, not sooner than January 1, 2000, certifies to the board  
 15-61 that DROP participation is resulting in a significant actuarial  
 15-62 loss to the fund], the board of trustees may:

15-63 (1) reduce the interest paid on DROP accounts or take  
 15-64 other action that would reduce the future credits to DROP accounts  
 15-65 on or [ , but only for all DROP accounts that are established] after  
 15-66 the effective date of the reduction [action by the board of  
 15-67 trustees]; or

15-68 (2) terminate the deferred retirement option plan for  
 15-69 all members who have not at that time established a DROP account.

16-1 SECTION 40. Section 9.03, Chapter 183 (S.B. 598), Acts of  
 16-2 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 16-3 Vernon's Texas Civil Statutes), is amended to read as follows:

16-4 Sec. 9.03. LIMITATION ON PAYMENT OF BENEFITS. (a) If the  
 16-5 amount of any benefit payment under this Act would exceed the  
 16-6 limitations provided by Section 415 of the Internal Revenue Code  
 16-7 [~~of 1986~~], and the regulations adopted under that section, the  
 16-8 board of trustees shall reduce the amount of the benefit as needed  
 16-9 to comply with that section.

16-10 (b) A person's vested accrued benefit in effect on September  
 16-11 1, 2025, [~~September 1, 1995~~], may not be reduced under this section.

16-12 SECTION 41. The heading to Section 9.04, Chapter 183 (S.B.  
 16-13 598), Acts of the 64th Legislature, Regular Session, 1975 (Article  
 16-14 6243e.1, Vernon's Texas Civil Statutes), is amended to read as  
 16-15 follows:

16-16 Sec. 9.04. COST-OF-LIVING ADJUSTMENTS FOR GROUP A MEMBERS  
 16-17 AND SURVIVORS [ADJUSTMENT; OTHER ADJUSTMENTS].

16-18 SECTION 42. Section 9.04, Chapter 183 (S.B. 598), Acts of  
 16-19 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 16-20 Vernon's Texas Civil Statutes), is amended by amending Subsections  
 16-21 (a), (a-1), and (a-2) and adding Subsections (c), (d), and (e) to  
 16-22 read as follows:

16-23 (a) Subject to this section and Sections [except as provided  
 16-24 by Section] 5.05 and 9.041 of this Act, the board of trustees may  
 16-25 approve a [person receiving a retirement or survivor's benefit  
 16-26 under this Act is entitled each calendar year to a] cost-of-living  
 16-27 adjustment for:

16-28 (1) eligible retirees who were group A members; and  
 16-29 (2) beneficiaries entitled to survivor benefits under  
 16-30 this Act after the death of a group A member [of that person's  
 16-31 benefit calculated in accordance with this section].

16-32 (a-1) The [~~annual~~] cost-of-living adjustment approved under  
 16-33 this section:

16-34 (1) may not exceed [is based on] the collective  
 16-35 adjustment amount calculated in accordance with Subsection (a-2) of  
 16-36 this section for a given calendar year;

16-37 (1-a) may be [and] allocated among persons eligible  
 16-38 for an adjustment under this section in a manner and in an amount  
 16-39 determined by the board of trustees;

16-40 (2) may not take effect earlier than January 1 of the  
 16-41 calendar year following the date the board of trustees approves the  
 16-42 adjustment, but may take effect at any time during the [a] given  
 16-43 calendar year, as determined by the board of trustees; and

16-44 (3) may not reduce a person's benefit to an amount less  
 16-45 than the person received when the benefit first was paid to that  
 16-46 person.

16-47 (a-2) The collective adjustment amount must be [described  
 16-48 by Subsection (a-1) of this section]:

16-49 (1) except as provided by Subdivision (2) of this  
 16-50 subsection, [is] an amount equal to the actuarial value, as  
 16-51 determined by the board's actuary based on the interest and  
 16-52 mortality assumptions adopted by the board of trustees for the most  
 16-53 recent actuarial valuation of the fund, of 1.5 percent [the  
 16-54 percentage increase in the Consumer Price Index for All Urban  
 16-55 Consumers as determined by the United States Department of Labor  
 16-56 for the applicable determination period ending in a calendar month  
 16-57 that precedes by not more than four months the month in which the  
 16-58 cost-of-living adjustment is to take effect,] multiplied by the  
 16-59 total amount of benefits payable in the month immediately preceding  
 16-60 the date an adjustment is to take effect to persons who are eligible  
 16-61 to receive an adjustment under this section; and

16-62 (2) if applicable, [+]  
 16-63 [(-A) is] reduced by an amount that the board's  
 16-64 actuary determines is necessary to comply with limitations  
 16-65 prescribed by this section, except the adjustment under this  
 16-66 section may not be reduced to an amount that is less than zero  
 16-67 [maintain the financial stability of the fund, or

16-68 [(-B) is increased in accordance with Subsection  
 16-69 (b) of this section].

17-1 (c) The board of trustees may not approve a cost-of-living  
 17-2 adjustment for a calendar year:

17-3 (1) unless the board's actuary certifies that:

17-4 (A) the amortization period of the fund as a  
 17-5 whole, after taking into account the cost-of-living adjustment,  
 17-6 will not exceed:

17-7 (i) 25 years for a cost-of-living  
 17-8 adjustment payable beginning in calendar years 2026 through 2035;

17-9 (ii) 20 years for a cost-of-living  
 17-10 adjustment payable beginning in calendar years 2036 through 2040;  
 17-11 or

17-12 (iii) 15 years for a cost-of-living  
 17-13 adjustment payable beginning in calendar year 2041 or a subsequent  
 17-14 calendar year; and

17-15 (B) the funded ratio for any year during the  
 17-16 remainder of the amortization period of the fund as a whole or for  
 17-17 10 years, whichever is greater, after taking into account the  
 17-18 cost-of-living adjustment, is:

17-19 (i) 80 percent or more for a cost-of-living  
 17-20 adjustment payable beginning in calendar years 2026 through 2040;

17-21 (ii) 85 percent or more for a  
 17-22 cost-of-living adjustment payable beginning in calendar years 2041  
 17-23 through 2045; or

17-24 (iii) 90 percent or more for a  
 17-25 cost-of-living adjustment beginning in calendar year 2046 or a  
 17-26 subsequent calendar year;

17-27 (2) that begins on the second January 1 following a  
 17-28 calendar year in which:

17-29 (A) the annual investment return as reported in  
 17-30 the fund's annual report for the calendar year is less than zero; or

17-31 (B) the five-year investment return as reported  
 17-32 in the fund's annual report for the calendar year is less than the  
 17-33 fund's assumed rate of return used in the actuarial valuation for  
 17-34 the calendar year; or

17-35 (3) in which the estimated municipal contribution  
 17-36 rate, after taking into account the cost-of-living adjustment,  
 17-37 would exceed four percent above the corridor midpoint.

17-38 (d) For purposes of Subsection (c)(1) of this section, the  
 17-39 board's actuary shall:

17-40 (1) use the actuarial valuation dated as of the second  
 17-41 December 31 preceding the calendar year in which the cost-of-living  
 17-42 adjustment is to take effect, including the unfunded actuarial  
 17-43 accrued liability, amortization period, and funded ratio as of that  
 17-44 December 31; and

17-45 (2) make the certifications required by that  
 17-46 subdivision not later than October 31 of the calendar year  
 17-47 immediately preceding the calendar year in which the cost-of-living  
 17-48 adjustment is to take effect.

17-49 (e) Notwithstanding any of the limitations prescribed by  
 17-50 this section or Section 9.041 of this Act, the governing body of the  
 17-51 municipality may approve a cost-of-living adjustment for any  
 17-52 calendar year in which a cost-of-living adjustment may not  
 17-53 otherwise be granted due to the limitations under this section in a  
 17-54 manner and in an amount determined by the governing body of the  
 17-55 municipality based on a recommendation from the board.

17-56 SECTION 43. Chapter 183 (S.B. 598), Acts of the 64th  
 17-57 Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
 17-58 Texas Civil Statutes), is amended by adding Sections 9.041 and  
 17-59 9.042 to read as follows:

17-60 Sec. 9.041. COST-OF-LIVING ADJUSTMENT ELIGIBILITY FOR  
 17-61 CERTAIN GROUP A MEMBERS AND SURVIVORS. (a) Except as provided by  
 17-62 Subsection (b) of this section, for each calendar year beginning on  
 17-63 or after January 1, 2027, a retiree who is a group A member or a  
 17-64 beneficiary who is receiving survivor benefits under this Act after  
 17-65 the death of a group A member is not eligible for a cost-of-living  
 17-66 adjustment under this Act until January 1 of the calendar year  
 17-67 immediately following the later of the year:

17-68 (1) in which the member or beneficiary, as applicable,  
 17-69 attains 67 years of age; or

18-1 (2) that is the fifth anniversary of the member's  
 18-2 actual date of retirement from the fire department.

18-3 (b) For each calendar year beginning on or after January 1,  
 18-4 2027, a retiree who is a group A member who is receiving an early  
 18-5 retirement annuity benefit under Section 5.05 of this Act is not  
 18-6 eligible for a cost-of-living adjustment under this Act until  
 18-7 January 1 of the calendar year immediately following the year in  
 18-8 which the member attains 69 years of age.

18-9 Sec. 9.042. COST-OF-LIVING ADJUSTMENT FOR GROUP B MEMBERS  
 18-10 AND SURVIVORS. The retirement annuity of a retiree who is a group B  
 18-11 member or the survivor benefit of a beneficiary who is receiving  
 18-12 survivor benefits under this Act after the death of a group B member  
 18-13 must be increased by the group B cost-of-living adjustment  
 18-14 percentage each year on a compounding basis beginning on January 1  
 18-15 of the calendar year immediately following the later of the year:

18-16 (1) in which the member or beneficiary, as applicable,  
 18-17 attains 67 years of age;

18-18 (2) that is the fifth anniversary of the member's  
 18-19 actual date of retirement from the fire department; or

18-20 (3) if applicable, in which the member's DROP account  
 18-21 is fully distributed.

18-22 SECTION 44. Sections 9.10(a), (d), and (f), Chapter 183  
 18-23 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975  
 18-24 (Article 6243e.1, Vernon's Texas Civil Statutes), are amended to  
 18-25 read as follows:

18-26 (a) An optional retirement annuity is an annuity that is  
 18-27 certified by the board's actuary to be the actuarial equivalent of  
 18-28 the annuity provided under Section 5.04 of this Act and the  
 18-29 survivor's benefits provided under Article 7 of this Act, as  
 18-30 applicable. [An optional retirement annuity is payable throughout  
 18-31 the life of the retiree.]

18-32 (d) The board of trustees by rule may provide for different  
 18-33 forms of optional retirement annuities, including an optional  
 18-34 retirement annuity that is payable:

18-35 (1) [an optional retirement annuity is payable] after  
 18-36 a member's death throughout the life of a person designated by the  
 18-37 member, including an annuity that provides that, [ + or

18-38 [ - ] if a retiree dies before a fixed number of  
 18-39 monthly annuity payments are made, the remaining number of payments  
 18-40 are payable to the retiree's designated beneficiary or, if a  
 18-41 designated beneficiary does not exist, to the retiree's estate;

18-42 (2) throughout the life of a retiree who is a group A  
 18-43 member with no survivor benefit;

18-44 (3) with a partial lump-sum option for a member who  
 18-45 does not elect to participate in the DROP; or

18-46 (4) as an optional joint and survivor benefit for a  
 18-47 group B member.

18-48 (f) Except as provided by Subsections (g), (h), and (i) of  
 18-49 this section, if a group A member elects an optional retirement  
 18-50 annuity that, on the group A member's death, pays to the member's  
 18-51 spouse an amount that is less than 75 percent of the annuity that is  
 18-52 payable during the joint lives of the group A member and the  
 18-53 member's spouse, the spouse must consent to the election. The  
 18-54 spouse's consent must be in writing and witnessed by an officer or  
 18-55 employee of the fund or acknowledged by a notary public.

18-56 SECTION 45. Article 9, Chapter 183 (S.B. 598), Acts of the  
 18-57 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
 18-58 Texas Civil Statutes), is amended by adding Section 9.11 to read as  
 18-59 follows:

18-60 Sec. 9.11. BENEFITS PAYABLE TO ALTERNATE PAYEES UNDER  
 18-61 QUALIFIED DOMESTIC RELATIONS ORDERS. (a) Benefits payable under  
 18-62 the fund, including service retirement benefits, disability  
 18-63 retirement benefits, survivor benefits, or DROP account benefits,  
 18-64 or a withdrawal of contributions, may be paid to a former spouse or  
 18-65 other alternate payee under the terms of a domestic relations  
 18-66 order, but only if the fund determines that the order constitutes a  
 18-67 qualified domestic relations order under Chapter 804, Government  
 18-68 Code.

18-69 (b) An alternate payee will receive a full distribution of

19-1 any portion of a member's DROP account awarded to the alternate  
19-2 payee pursuant to a qualified domestic relations order as soon as  
19-3 administratively practicable after the alternate payee is first  
19-4 entitled to distribution of such amounts as determined by the fund.

19-5 (c) On the death of an alternate payee under a qualified  
19-6 domestic relations order, the interest of the alternate payee in  
19-7 the benefits under this Act ends and remaining benefits shall be  
19-8 paid as if the qualified domestic relations order had not existed.

19-9 SECTION 46. The heading to Section 10.01, Chapter 183 (S.B.  
19-10 598), Acts of the 64th Legislature, Regular Session, 1975 (Article  
19-11 6243e.1, Vernon's Texas Civil Statutes), is amended to read as  
19-12 follows:

19-13 Sec. 10.01. MUNICIPAL [~~AND MEMBER~~] CONTRIBUTIONS.

19-14 SECTION 47. Section 10.01, Chapter 183 (S.B. 598), Acts of  
19-15 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
19-16 Vernon's Texas Civil Statutes), is amended by amending Subsections  
19-17 (a), (b), (c), and (d) and adding Subsections (b-1) and (b-2) to  
19-18 read as follows:

19-19 (a) Each municipality in which a fire department to which  
19-20 this Act applies is located shall appropriate and contribute to the  
19-21 fund each pay period in accordance with the following:

19-22 (1) for all pay periods beginning after September 30,  
19-23 2012, and before January 1, 2026, an amount equal to 22.05 percent  
19-24 [a percentage] of the compensation of all members during the pay  
19-25 period; and

19-26 (2) for all pay periods beginning on or after January  
19-27 1, 2026, the amount determined in accordance with Subsections (b)  
19-28 and (c) of this section and Sections 10.05, 10.06, 10.07, and 10.08  
19-29 of this Act, as applicable [that month as follows:

19-30 ~~[(1) 19.05 percent, beginning on the first pay date~~  
19-31 ~~following September 30, 2010, through the pay date immediately~~  
19-32 ~~preceding September 30, 2011;~~

19-33 ~~[(2) 20.05 percent, beginning on the first pay date~~  
19-34 ~~following September 30, 2011, through the pay date immediately~~  
19-35 ~~preceding September 30, 2012;~~

19-36 ~~[(3) 21.05 percent, for 24 pay dates of the~~  
19-37 ~~municipality beginning on the first pay date following September~~  
19-38 ~~30, 2012; and~~

19-39 ~~[(4) 22.05 percent, for all pay dates of the~~  
19-40 ~~municipality that follow the 24 pay dates referenced in Subdivision~~  
19-41 ~~(3) of this subsection].~~

19-42 (b) For each pay period that begins on or after January 1,  
19-43 2026, and before January 1, 2027, the municipality shall contribute  
19-44 an amount equal to the sum of:

19-45 (1) the municipal contribution rate, as determined in  
19-46 the initial risk sharing valuation study conducted under Section  
19-47 10.05 of this Act, multiplied by the pensionable payroll for the  
19-48 applicable pay period; and

19-49 (2) 1/26 of the municipal legacy contribution amount  
19-50 for the 2026 calendar year, as determined and adjusted in the  
19-51 initial risk sharing valuation study conducted under Section 10.05  
19-52 of this Act [Each firefighter shall pay into the fund each month a  
19-53 percentage of the firefighter's compensation for that month as  
19-54 follows:

19-55 ~~[(1) 15.70 percent, for the pay dates of the~~  
19-56 ~~municipality following September 30, 2010, through the pay date~~  
19-57 ~~immediately preceding September 30, 2011;~~

19-58 ~~[(2) 16.20 percent, beginning on the first pay date of~~  
19-59 ~~the municipality following September 30, 2011, through the pay date~~  
19-60 ~~immediately preceding September 30, 2012;~~

19-61 ~~[(3) 16.70 percent, beginning on the first pay date of~~  
19-62 ~~the municipality following September 30, 2012, through the pay date~~  
19-63 ~~immediately preceding September 30, 2013;~~

19-64 ~~[(4) 17.20 percent, beginning on the first pay date of~~  
19-65 ~~the municipality following September 30, 2013, through the pay date~~  
19-66 ~~immediately preceding September 30, 2014;~~

19-67 ~~[(5) 17.70 percent, beginning on the first pay date of~~  
19-68 ~~the municipality following September 30, 2014, through the pay date~~  
19-69 ~~immediately preceding September 30, 2015;~~

20-1 ~~[(6) 18.20 percent, beginning on the first pay date of~~  
20-2 ~~the municipality following September 30, 2015, through the pay date~~  
20-3 ~~immediately preceding September 30, 2016, and~~

20-4 ~~[(7) 18.70 percent, for the first pay date of the~~  
20-5 ~~municipality following September 30, 2016, and all subsequent pay~~  
20-6 ~~dates of the municipality].~~

20-7 (b-1) For each pay period that begins on or after January 1,  
20-8 2027, the municipality shall contribute an amount equal to the sum  
20-9 of:

20-10 (1) the municipal contribution rate for the applicable  
20-11 calendar year, as determined in a subsequent risk sharing valuation  
20-12 study conducted under Section 10.06 of this Act and adjusted under  
20-13 Section 10.07 or 10.08 of this Act, as applicable, multiplied by the  
20-14 pensionable payroll for the applicable pay period; and

20-15 (2) 1/26 of the municipal legacy contribution amount  
20-16 for the applicable calendar year, as determined and adjusted in the  
20-17 initial risk sharing valuation study conducted under Section 10.05  
20-18 of this Act.

20-19 (b-2) If the municipality elects to change the  
20-20 municipality's payroll period to a period other than a biweekly  
20-21 payroll period or for any calendar year that has more than 26 pay  
20-22 periods, the fractional amounts of the municipal legacy  
20-23 contribution stated in Subsections (b)(2) and (b-1)(2) of this  
20-24 section may be appropriately adjusted such that the municipality's  
20-25 municipal legacy contribution for such calendar year equals the  
20-26 contribution required under Subsection (b)(2) or (b-1)(2) of this  
20-27 section, as applicable.

20-28 (c) The governing body of each municipality may authorize  
20-29 the municipality to contribute a portion of the contribution  
20-30 required of each firefighter under Section 10.011 of this Act ~~[this~~  
20-31 ~~section].~~ In that event:

20-32 (1) the municipality shall appropriate and contribute  
20-33 to the fund each pay period ~~[month]~~ at the higher percentage of  
20-34 compensation necessary to make all contributions required and  
20-35 authorized to be made by the municipality under this section; and

20-36 (2) each firefighter's individual account with the  
20-37 fund shall be credited each pay period ~~[month]~~ as if the firefighter  
20-38 had made the entire contribution required of that firefighter under  
20-39 Section 10.011 of this Act ~~[10.01(b)].~~

20-40 (d) The governing body of each municipality may authorize  
20-41 the municipality to make an additional contribution to the fund in  
20-42 whatever amount the governing body may determine. ~~[The members of~~  
20-43 ~~the fund, by a majority vote in favor of an increase in~~  
20-44 ~~contributions above 13.70 percent, may increase each firefighter's~~  
20-45 ~~contribution above 13.70 percent to any percentage recommended by a~~  
20-46 ~~majority vote of the board of trustees.]~~

20-47 SECTION 48. Article 10, Chapter 183 (S.B. 598), Acts of the  
20-48 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
20-49 Texas Civil Statutes), is amended by adding Section 10.011 to read  
20-50 as follows:

20-51 Sec. 10.011. FIREFIGHTER CONTRIBUTIONS. (a) Subject to  
20-52 Subsection (b) of this section or Section 10.09 of this Act, each  
20-53 firefighter who is a member of the fund shall pay into the fund an  
20-54 amount equal to 18.70 percent of the firefighter's compensation for  
20-55 the first pay period of the municipality beginning on or after  
20-56 September 30, 2016, and all subsequent pay periods of the  
20-57 municipality thereafter.

20-58 (b) The firefighters described by Subsection (a) of this  
20-59 section, by a majority vote, may voluntarily increase the  
20-60 firefighter contribution to a rate that is:

20-61 (1) higher than the rate prescribed by Subsection (a)  
20-62 of this section; and

20-63 (2) recommended by a majority vote of the board of  
20-64 trustees.

20-65 SECTION 49. Section 10.02, Chapter 183 (S.B. 598), Acts of  
20-66 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
20-67 Vernon's Texas Civil Statutes), is amended to read as follows:

20-68 Sec. 10.02. PICKUP OF FIREFIGHTER CONTRIBUTIONS. A  
20-69 municipality to which this Act applies shall pick up the

21-1 firefighter contributions to the fund that are required or  
 21-2 authorized pursuant to Section 10.011 [~~10.01~~] of this Act,  
 21-3 whichever is higher. Firefighter contributions will be picked up  
 21-4 by a reduction in the monetary compensation of the firefighters.  
 21-5 Contributions picked up shall be treated as employer contributions  
 21-6 in accordance with Section 414(h)(2) of the Internal Revenue Code  
 21-7 for the purpose of determining tax treatment of the amounts under  
 21-8 that code. These contributions will be credited to [~~deposited to~~  
 21-9 ~~the credit of~~] the individual accounts of the firefighters in the  
 21-10 fund and shall be treated as the monthly contributions of the  
 21-11 firefighters for all purposes of this Act. These contributions are  
 21-12 not includable in the gross income of a firefighter until the time  
 21-13 that they are distributed or made available to the firefighter or  
 21-14 survivors of the firefighter. The board of trustees may at any  
 21-15 time, by majority vote, discontinue the pickup of firefighter  
 21-16 contributions by the municipality.

21-17 SECTION 50. Section 10.03, Chapter 183 (S.B. 598), Acts of  
 21-18 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 21-19 Vernon's Texas Civil Statutes), is amended to read as follows:

21-20 Sec. 10.03. CONTRIBUTIONS AND INCOME AS ASSETS OF  
 21-21 FUND. All contributions paid to the fund under [~~Sections 10.01 and~~  
 21-22 ~~10.02 of~~] this article [~~Act~~] become a part of the assets of the  
 21-23 fund. All interest and dividends on investments of the assets of  
 21-24 the fund shall be deposited into the fund and are part of it.

21-25 SECTION 51. Section 10.04, Chapter 183 (S.B. 598), Acts of  
 21-26 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 21-27 Vernon's Texas Civil Statutes), is amended to read as follows:

21-28 Sec. 10.04. INTEREST ON INDIVIDUAL ACCOUNTS. (a) This  
 21-29 subsection applies only to a group A member. The fund shall credit  
 21-30 interest on December 31 of each year to the account of each  
 21-31 firefighter, and of each former firefighter, who has not retired in  
 21-32 an amount equal to five percent of the accumulated contributions,  
 21-33 including previously credited interest, on deposit on January 1 of  
 21-34 that year. The fund may not pay interest on a firefighter's or  
 21-35 former firefighter's contributions [~~for part of a year or~~] for any  
 21-36 period that is more than five calendar years after the date of  
 21-37 termination of employment. This subsection expires December 31,  
 21-38 2025.

21-39 (a-1) Beginning January 1, 2026, a group A member is not  
 21-40 entitled to interest on amounts credited to the member's individual  
 21-41 account.

21-42 (b) A group B member is not entitled to interest on amounts  
 21-43 credited to the member's individual account for any period.

21-44 SECTION 52. Article 10, Chapter 183 (S.B. 598), Acts of the  
 21-45 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
 21-46 Texas Civil Statutes), is amended by adding Sections 10.05, 10.06,  
 21-47 10.07, 10.08, and 10.09 to read as follows:

21-48 Sec. 10.05. INITIAL RISK SHARING VALUATION STUDY. (a) The  
 21-49 fund shall cause the board's actuary to prepare an initial risk  
 21-50 sharing valuation study that is dated as of December 31, 2024, in  
 21-51 accordance with this section.

21-52 (b) The initial risk sharing valuation study must:

21-53 (1) except as otherwise provided by this section, be  
 21-54 prepared in accordance with the requirements of Section 10.06 of  
 21-55 this Act;

21-56 (2) be based on the actuarial assumptions that were  
 21-57 used by the board's actuary in the valuation completed for the year  
 21-58 ending December 31, 2023, provided that for purposes of determining  
 21-59 the municipal legacy contribution amounts, corridor midpoint, and  
 21-60 municipal contribution rate for the calendar year beginning January  
 21-61 1, 2026:

21-62 (A) the actuarial value of assets must be equal  
 21-63 to the market value of assets of the fund as of December 31, 2024;  
 21-64 and

21-65 (B) the board's actuary shall use a  
 21-66 cost-of-living adjustment assumption of 0.25 percent for purposes  
 21-67 of valuing the cost-of-living adjustment for group A members under  
 21-68 Section 9.04 of this Act;

21-69 (3) project the corridor midpoint for the next 30

22-1 calendar years beginning with the calendar year that begins on  
 22-2 January 1, 2026; and

22-3 (4) include a schedule of municipal legacy  
 22-4 contribution amounts for 30 calendar years beginning with the  
 22-5 calendar year that begins on January 1, 2026.

22-6 (c) For purposes of Subsection (b)(4) of this section, the  
 22-7 schedule of municipal legacy contribution amounts must be  
 22-8 determined in such a manner that the total annual municipal legacy  
 22-9 contribution amount for the first three calendar years will result  
 22-10 in a phase-in of the anticipated increase in the municipal  
 22-11 contribution rate from the calendar year that begins on January 1,  
 22-12 2025, to the rate equal to the sum of the estimated municipal  
 22-13 contribution rate for the calendar year that begins on January 1,  
 22-14 2026, and the rate of pensionable payroll equal to the municipal  
 22-15 legacy contribution amount for January 1, 2026, determined as if  
 22-16 there was no phase-in of the increase to the municipal legacy  
 22-17 contribution amount. The phase-in must reflect approximately  
 22-18 one-third of the increase each year over the three-year phase-in  
 22-19 period.

22-20 (d) The municipality's contribution under Section 10.01 of  
 22-21 this Act for:

22-22 (1) the calendar years that begin on January 1, 2026,  
 22-23 January 1, 2027, and January 1, 2028, must be adjusted to reflect  
 22-24 the impact of the phase-in prescribed by this section; and

22-25 (2) each calendar year that begins on January 1, 2029,  
 22-26 through January 1, 2055, must reflect a municipal legacy  
 22-27 contribution amount that is 2.5 percent greater than the municipal  
 22-28 legacy contribution amount for the preceding calendar year.

22-29 (e) The estimated municipal contribution rate for the  
 22-30 calendar year that begins on January 1, 2026, must be based on the  
 22-31 projected pensionable payroll, as determined under the initial risk  
 22-32 sharing valuation study required by this section, assuming a  
 22-33 payroll growth rate of 2.5 percent.

22-34 Sec. 10.06. SUBSEQUENT RISK SHARING VALUATION STUDIES. (a)  
 22-35 The fund shall cause the board's actuary to prepare a risk sharing  
 22-36 valuation study that is dated as of December 31 of each calendar  
 22-37 year beginning with the 2025 calendar year in accordance with this  
 22-38 section and actuarial standards of practice.

22-39 (b) Each risk sharing valuation study must:

22-40 (1) be dated as of the last day of the calendar year  
 22-41 for which the study is required to be prepared;

22-42 (2) calculate the unfunded actuarial accrued  
 22-43 liability of the fund as of the last day of the applicable calendar  
 22-44 year, including the liability layer, if any, associated with the  
 22-45 most recently completed calendar year;

22-46 (3) calculate the estimated municipal contribution  
 22-47 rate for the following calendar year;

22-48 (4) determine the municipal contribution rate and the  
 22-49 firefighter contribution rate for the following calendar year,  
 22-50 taking into account any adjustments required under Section 10.07,  
 22-51 10.08, or 10.09 of this Act, as applicable; and

22-52 (5) except as provided by Subsection (e) of this  
 22-53 section, be based on the assumptions and methods adopted by the  
 22-54 board in accordance with Section 2.14 of this Act, if applicable,  
 22-55 and that are consistent with actuarial standards of practice and  
 22-56 the following principles:

22-57 (A) closed layered amortization of liability  
 22-58 layers to ensure that the amortization period for each liability  
 22-59 layer begins 12 months after the date of the risk sharing valuation  
 22-60 study in which the liability layer is first recognized;

22-61 (B) each liability layer is assigned an  
 22-62 amortization period;

22-63 (C) each liability loss layer will be amortized  
 22-64 over a period of 20 years from the first day of the calendar year  
 22-65 beginning 12 months after the date of the risk sharing valuation  
 22-66 study in which the liability loss layer is first recognized, except  
 22-67 that the legacy liability must be amortized over a 30-year period  
 22-68 beginning January 1, 2026;

22-69 (D) each liability gain layer will be amortized

23-1 over:

23-2 (i) a period equal to the remaining  
 23-3 amortization period on the largest remaining liability loss layer;  
 23-4 or

23-5 (ii) if there is no liability loss layer, a  
 23-6 period of 20 years from the first day of the calendar year beginning  
 23-7 12 months after the date of the risk sharing valuation study in  
 23-8 which the liability gain layer is first recognized;

23-9 (E) liability layers will be funded according to  
 23-10 the level percent of payroll method;

23-11 (F) payroll for purposes of determining the  
 23-12 corridor midpoint, municipal contribution rate, and municipal  
 23-13 legacy contribution amount must be projected using the annual  
 23-14 payroll growth rate assumption adopted by the board of trustees;  
 23-15 and

23-16 (G) the municipal contribution rate will be  
 23-17 calculated each calendar year without inclusion of the legacy  
 23-18 liability.

23-19 (c) The municipality may contribute an amount in addition to  
 23-20 the scheduled municipal legacy contribution amounts to reduce the  
 23-21 number or amount of scheduled future municipal legacy contribution  
 23-22 payments. If the municipality contributes an additional amount  
 23-23 under this subsection, the board's actuary shall create a new  
 23-24 schedule of municipal legacy contribution amounts that reflects  
 23-25 payment of the additional contribution.

23-26 (d) The municipality and the board of trustees may agree on  
 23-27 a written transition plan for resetting the corridor midpoint,  
 23-28 firefighter contribution rate, and municipal contribution rate:

23-29 (1) if at any time the funded ratio of the fund is  
 23-30 equal to or greater than 100 percent; or

23-31 (2) for any calendar year after the payoff year of the  
 23-32 legacy liability.

23-33 (e) Subject to Section 2.14 of this Act, the board may by  
 23-34 rule adopt actuarial principles other than those required under  
 23-35 Subsection (b)(5) of this section, provided the actuarial  
 23-36 principles:

23-37 (1) are consistent with actuarial standards of  
 23-38 practice;

23-39 (2) are approved by the board's actuary; and

23-40 (3) do not operate to change the municipal legacy  
 23-41 contribution amount.

23-42 Sec. 10.07. ADJUSTMENT TO MUNICIPAL CONTRIBUTION RATE IF  
 23-43 ESTIMATED MUNICIPAL CONTRIBUTION RATE LOWER THAN CORRIDOR  
 23-44 MIDPOINT. (a) Subject to Subsection (b) of this section, for the  
 23-45 calendar year beginning January 1, 2026, and for each subsequent  
 23-46 calendar year, if the estimated municipal contribution rate is  
 23-47 lower than the corridor midpoint, the municipal contribution rate  
 23-48 for the applicable year is:

23-49 (1) the corridor midpoint if the funded ratio is less  
 23-50 than 90 percent; or

23-51 (2) the estimated municipal contribution rate if the  
 23-52 funded ratio is 90 percent or greater.

23-53 (b) The municipal contribution rate may not be lower than  
 23-54 the minimum municipal contribution rate.

23-55 (c) If the funded ratio is equal to or greater than 100  
 23-56 percent:

23-57 (1) all existing liability layers, including the  
 23-58 legacy liability, are considered fully amortized and paid; and

23-59 (2) the municipal legacy contribution amount may no  
 23-60 longer be included in the municipal contribution under Section  
 23-61 10.01 of this Act.

23-62 Sec. 10.08. ADJUSTMENT TO MUNICIPAL CONTRIBUTION RATE IF  
 23-63 ESTIMATED MUNICIPAL CONTRIBUTION RATE EQUAL TO OR GREATER THAN  
 23-64 CORRIDOR MIDPOINT. For the calendar year beginning January 1,  
 23-65 2026, and for each subsequent calendar year, if the estimated  
 23-66 municipal contribution rate is equal to or greater than the  
 23-67 corridor midpoint and:

23-68 (1) less than or equal to the maximum municipal  
 23-69 contribution rate for the corresponding calendar year, the

24-1 municipal contribution rate is the estimated municipal  
 24-2 contribution rate; or

24-3 (2) greater than the maximum municipal contribution  
 24-4 rate for the corresponding calendar year, the municipal  
 24-5 contribution rate is the maximum municipal contribution rate.

24-6 Sec. 10.09. INCREASED FIREFIGHTER CONTRIBUTION RATE IF  
 24-7 ESTIMATED MUNICIPAL CONTRIBUTION RATE GREATER THAN MAXIMUM  
 24-8 MUNICIPAL CONTRIBUTION RATE. (a) This section governs the  
 24-9 determination of the firefighter contribution rate applicable in a  
 24-10 calendar year under Section 10.011 of this Act if the estimated  
 24-11 municipal contribution rate determined under Section 10.06(b)(3)  
 24-12 of this Act is greater than the maximum municipal contribution  
 24-13 rate.

24-14 (b) Except as provided by Subsection (c) of this section, if  
 24-15 the estimated municipal contribution rate is greater than the  
 24-16 corridor maximum, the firefighter contribution rate will increase  
 24-17 by an amount equal to the difference between the following:

24-18 (1) the estimated municipal contribution rate; and

24-19 (2) the maximum municipal contribution rate.

24-20 (c) The firefighter contribution rate may not be increased  
 24-21 by more than two percentage points under this section.

24-22 (d) If the estimated municipal contribution rate is more  
 24-23 than two percentage points greater than the maximum municipal  
 24-24 contribution rate, the municipality and the board of trustees shall  
 24-25 enter into discussions to determine additional funding solutions.

24-26 SECTION 53. Section 11.03(b), Chapter 183 (S.B. 598), Acts  
 24-27 of the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 24-28 Vernon's Texas Civil Statutes), is amended to read as follows:

24-29 (b) The board of trustees may not adopt an amendment to the  
 24-30 investment policy adopted under this section unless the proposed  
 24-31 amendment is approved by the affirmative vote [of a majority of the  
 24-32 members] of the board [at not fewer than three regular meetings of  
 24-33 the board].

24-34 SECTION 54. Section 12.01, Chapter 183 (S.B. 598), Acts of  
 24-35 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 24-36 Vernon's Texas Civil Statutes), is amended to read as follows:

24-37 Sec. 12.01. EXECUTIVE DIRECTOR [ADMINISTRATOR] AND  
 24-38 EMPLOYEES. The board of trustees shall appoint an executive  
 24-39 director [administrator] who shall administer the fund under the  
 24-40 supervision and direction of the board of trustees. The board of  
 24-41 trustees shall employ such other employees as are required for the  
 24-42 efficient administration of the fund.

24-43 SECTION 55. Sections 12.03(a) and (e), Chapter 183 (S.B.  
 24-44 598), Acts of the 64th Legislature, Regular Session, 1975 (Article  
 24-45 6243e.1, Vernon's Texas Civil Statutes), are amended to read as  
 24-46 follows:

24-47 (a) The board of trustees shall engage [employ] an actuary  
 24-48 who may be the consultant and technical advisor to the board of  
 24-49 trustees regarding the operation of the fund and may perform such  
 24-50 duties as may be required by the board.

24-51 (e) An actuary engaged [employed] under this section must be  
 24-52 a fellow of the Society of Actuaries, a member of the American  
 24-53 Academy of Actuaries, or an enrolled actuary under the federal  
 24-54 Employee Retirement Income Security Act of 1974 (29 U.S.C. Section  
 24-55 1001 et seq.).

24-56 SECTION 56. Section 12.07, Chapter 183 (S.B. 598), Acts of  
 24-57 the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
 24-58 Vernon's Texas Civil Statutes), is amended to read as follows:

24-59 Sec. 12.07. AUDITS; ENGAGEMENT [EMPLOYMENT] OF CERTIFIED  
 24-60 PUBLIC ACCOUNTANTS. The board of trustees shall engage [employ] a  
 24-61 certified public accountant or firm of certified public accountants  
 24-62 to perform an audit of the fund at least annually. The municipality  
 24-63 may pay the entire cost of an audit. If not paid by the  
 24-64 municipality, the cost may be paid from the assets of the fund.

24-65 SECTION 57. The following provisions of Chapter 183 (S.B.  
 24-66 598), Acts of the 64th Legislature, Regular Session, 1975 (Article  
 24-67 6243e.1, Vernon's Texas Civil Statutes), are repealed:

24-68 (1) Sections 5.04(b), (b-1), and (c);

24-69 (2) Section 7.07;

25-1 (3) Section 8.05(b); and

25-2 (4) Sections 9.04(a-4), (b), and (b-1).

25-3 SECTION 58. (a) In this section, "board of trustees" has  
25-4 the meaning assigned by Section 1.02(3), Chapter 183 (S.B. 598),  
25-5 Acts of the 64th Legislature, Regular Session, 1975 (Article  
25-6 6243e.1, Vernon's Texas Civil Statutes).

25-7 (b) Section 2.02, Chapter 183 (S.B. 598), Acts of the 64th  
25-8 Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
25-9 Texas Civil Statutes), as amended by this Act, does not affect the  
25-10 term of a member of the board of trustees elected under that  
25-11 section, as that section existed immediately before the effective  
25-12 date of this Act, and serving on the board of trustees on the  
25-13 effective date of this Act.

25-14 (c) When the term of the member of the board of trustees  
25-15 elected under Section 2.02(3), Chapter 183 (S.B. 598), Acts of the  
25-16 64th Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
25-17 Texas Civil Statutes), as that section existed immediately before  
25-18 the effective date of this Act, who has a term that expires in  
25-19 December 2025, expires:

25-20 (1) the resulting vacancy on the board of trustees and  
25-21 the new position on the board of trustees created by the amendment  
25-22 of Section 2.02(3), Chapter 183 (S.B. 598), Acts of the 64th  
25-23 Legislature, Regular Session, 1975 (Article 6243e.1, Vernon's  
25-24 Texas Civil Statutes), shall be filled by election of the members of  
25-25 the fund in accordance with Section 2.03, Chapter 183 (S.B. 598),  
25-26 Acts of the 64th Legislature, Regular Session, 1975 (Article  
25-27 6243e.1, Vernon's Texas Civil Statutes), as amended by this Act, by  
25-28 an election held in November 2025;

25-29 (2) the candidate who receives the highest number of  
25-30 votes in the election shall serve a four-year term, ending in  
25-31 December 2029; and

25-32 (3) notwithstanding Section 2.03(e), Chapter 183  
25-33 (S.B. 598), Acts of the 64th Legislature, Regular Session, 1975  
25-34 (Article 6243e.1, Vernon's Texas Civil Statutes), as amended by  
25-35 this Act, the candidate who receives the second highest number of  
25-36 votes in the election shall serve an initial three-year term,  
25-37 ending in December 2028.

25-38 (d) As soon as practicable after September 1, 2025, the  
25-39 governing body of a municipality subject to Chapter 183 (S.B. 598),  
25-40 Acts of the 64th Legislature, Regular Session, 1975 (Article  
25-41 6243e.1, Vernon's Texas Civil Statutes), shall appoint a member to  
25-42 the board of trustees under Section 2.02(a)(4), Chapter 183 (S.B.  
25-43 598), Acts of the 64th Legislature, Regular Session, 1975 (Article  
25-44 6243e.1, Vernon's Texas Civil Statutes), as added by this Act, to  
25-45 serve a term beginning January 1, 2026.

25-46 SECTION 59. This Act takes effect September 1, 2025.

25-47

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