

## **BILL ANALYSIS**

Senate Research Center  
78R9601 JJT-F

C.S.S.B. 650  
By: Shapleigh  
Government Organization  
3/21/2003  
Committee Report (Substituted)

### **DIGEST AND PURPOSE**

Currently, state investments of public funds are managed by state agencies in concert with national investment brokerage firms. The Freedom of Information Act (FOIA) requires that governmental agencies disclose their records to any person requesting them, barring those records containing information specifically exempted by one of the statutory exemptions. However, in regards to private investment of public funds, agencies have bypassed FOIA requests to disclose information regarding private investments. This lack of disclosure does not allow for a comparison among other Texas and national funds and the potential for better fund management of state dollars. Expanding existing disclosure policy would make it easier for the public to discern how much money the state investment funds pay in commissions and fees. C.S.S.B. 650 requires state investment funds to require the posting of all investment funds administered by or under a contract with any entity of state government on the Internet, except for the Texas Workers Compensation Insurance Fund and requires companies retained by and used by the agencies, in relation to the investment of the funds, to disclose the race, ethnicity, and gender of the controlling ownership of each business and their principal place of business. The bill does not affect the Public Funds Investment Act, which regulates what can and cannot be bought. C.S.S.B 650 requires corporations or other entities with whom the board of regents of The University of Texas System contracts to follow certain guidelines but does not require the disclosure of certain information.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 2054F, Government Code, by adding Section 2054.114, as follows:

Sec. 2054.114. REQUIRED POSTING OF STATE INVESTMENT FUND INFORMATION ON INTERNET. (a) Redefines “state investment fund.”

(b) Requires the entity of state government responsible for administering a state investment fund to, on or before the sixtieth day of each calendar quarter, post a report containing the information specified by Subsection (c) for the previous calendar quarter on a generally accessible Internet site maintained by or for certain entities.

(c) Requires the report to state certain information.

(d) Provides that this section does not apply to the Texas Workers’ Compensation Insurance Fund created under Article 5.76-3, Insurance Code.

SECTION 2. Amends Section 66.08, Education Code, by adding Subsection (p), to require the corporation or any other entity with whom the board of regents of The University of Texas System contracts for the investment of the permanent university fund or other funds under the management and

control of the board to require any person with whom the corporation or other investing entity enters into any agreement, including a limited partnership or joint venture agreement, of investment of a portion of those funds to disclose to the board the annual performance of all investments, joint ventures, partnerships or limited partnerships, or other business activities that the person managed or participated in managing for the preceding five years. Requires the disclosure to include a general description of the nature of each of those investments or other activities. Requires the person to make the disclosure before the corporation or other investing entity may enter into an agreement with the person to invest any funds, and the board to make the information available to the public in the manner provided by Chapter 552, Government Code, for other public information. Provides that this subsection does not require the disclosure of information regarding the internal operations of the person or of any investment or other activity managed by the person, or of the name or identity of any other person participating in an investment or other activity for which disclosure is required.

SECTION 3. Effective date: upon passage or September 1, 2003.

### **SUMMARY OF COMMITTEE CHANGES**

SECTION 1. Differs from original in proposed Section 2054.114(a), Chapter 2054F, Government Code, by redefining “state investment fund” and by amending text in Section 2054.114(b) stating “on or before the first day” to “on or before the sixtieth day.”

SECTION 2. Differs from original by renumbering the original SECTION 2 as SECTION 3 and adding a new SECTION 2 which proposes Section 66.08(p), Education Code.