

By: Marchant

H.B. No. 3613

A BILL TO BE ENTITLED

AN ACT

relating to the Texas Pension Program.

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

SECTION 1. Chapter 1103, Insurance Code, as effective June 1, 2003, is amended by adding new Section 1103.0531 to read as follows:

Sec. 1103.0531. INSURABLE INTEREST OF THE STATE. (a) The state and its designated beneficiaries have an insurable interest in the life of an individual who is a retired public employee. The state and its designated beneficiaries are a new class of beneficiary that hold on insurable interest in the life of an individual who is a retired public employee.

(b) The state may purchase or apply for an individual or group life insurance policy on the life of an individual who is a retired public employee. The state may designate the beneficiaries of the policy. Consent of the individual who insured under the policy for the purchase of the policy or the designation of beneficiaries under the policy is not required. The individual or group life insurance policy purchased by the state is not a policy under Chapter 1131, Insurance Code.

SECTION 2. Section 1232.066(a), Government Code, is amended to read as follows:

Sec. 1232.066. BOARD AUTHORITY. (a) The board's authority under this chapter is limited to the financing of:

- 1 (1) the acquisition or construction of a building;
2 (2) the purchase or lease of equipment; [~~or~~]
3 (3) stranded costs of a municipal power agency; or
4 (4) the acquisition of annuities and life insurance
5 policies on the lives of individuals who are retired public
6 employees as provided for in this chapter.

7 SECTION 3. Chapter 1232, Government Code, is amended by
8 adding new Section 1232.1072 to read as follows:

9 Sec. 1232.1072. ISSUANCE OF BONDS FOR THE TEXAS PENSION
10 PROGRAM. (a) The board may, from time to time and without the
11 requirement of obtaining further legislative authority, issue and
12 sell bonds in the name of the state to finance the acquisition of
13 annuities and individual or group life insurance policies on
14 individuals who are retired public employees.

15 (b) The board shall provide for the payment of the principal
16 of or interest on the bonds issued under this section by pledging
17 all or a part of the revenue the state derives from the proceeds
18 from the annuities and life insurance policies.

19 (c) The board shall establish rules to govern the use of the
20 proceeds from the issuance of the bonds to purchase annuities and
21 individual or group life insurance policies on individuals that are
22 retired public employees, and to credit the accounts of appropriate
23 state retirement systems with a portion of the proceeds.

24 (d) The board may contract with private entities to assist
25 the board in purchasing and maintaining the annuities and
26 individual or group life insurance policies as necessary to
27 accomplish the purposes of this section.

1 SECTION 4. Section 1232.108, Government Code, is amended to
2 read as follows:

3 Sec. 1232.108. LEGISLATIVE AUTHORIZATION REQUIRED. Except
4 as permitted by Section 1232.1072, 1232.109, 2166.452, or 2166.453,
5 before the board may issue and sell bonds, the legislature by the
6 General Appropriations Act or other law must have authorized:

7 (1) the specific project for which the bonds are to be
8 issued and sold; and

9 (2) the estimated cost of the project or the maximum
10 amount of bonded indebtedness that may be incurred by the issuance
11 and sale of bonds for the project.

12 SECTION 5. Section 1232.121(a), Government Code, is amended
13 to read as follows:

14 Sec. 1232.121. CERTIFICATION AND DEPOSIT OF PROCEEDS OF
15 OBLIGATIONS. (a) Except as provided for in Section 1232.1072,
16 after [~~After~~] issuing obligations, the board shall certify to the
17 commission or the appropriate state agency and to the comptroller
18 that the proceeds from the issuance are available. The board shall
19 deposit the proceeds in the state treasury.

20 SECTION 6. Section 1232.123(a), Government Code, is amended
21 to read as follows:

22 Sec. 1232.123. INVESTMENT OF BOND PROCEEDS. (a) Except as
23 provided for in Section 1232.1072, with [~~With~~] the board's
24 concurrence, the comptroller shall invest the unexpended bond
25 proceeds and investment income on bond proceeds in investments
26 approved by law for the investment of state funds.

27 SECTION 7. Section 404.024, Government Code, is amended by

1 adding new subsection (1) to read as follows:

2 (1) This section does not apply to revenue derived under
3 Section 1232.1072, Government Code.

4 SECTION 8. Section 2256.004, Government Code, is amended to
5 read as follows:

6 Sec. 2256.004. APPLICABILITY. (a) This subchapter does
7 not apply to:

8 (1) a public retirement system as defined by Section
9 802.001;

10 (2) state funds invested as authorized by Section
11 404.024;

12 (3) an institution of higher education having total
13 endowments of at least \$95 million in book value on May 1, 1995;

14 (4) funds invested by the Veterans' Land Board as
15 authorized by Chapter 161, 162, or 164, Natural Resources Code;

16 (5) registry funds deposited with the county or
17 district clerk under Chapter 117, Local Government Code; ~~[or]~~

18 (6) a deferred compensation plan that qualifies under
19 either Section 401(k) or 457 of the Internal Revenue Code of 1986
20 (26 U.S.C. Section 1 et seq.), as amended; or

21 (7) funds invested by the Texas Public Finance
22 Authority under Section 1232.0172, Government Code.

23 (b) This subchapter does not apply to an investment donated
24 to an investing entity for a particular purpose or under terms of
25 use specified by the donor.

26 SECTION 9. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2003.