

1-1 By: Truitt, et al. (Senate Sponsor - Whitmire) H.B. No. 2427
1-2 (In the Senate - Received from the House April 24, 2007;
1-3 April 26, 2007, read first time and referred to Committee on
1-4 Government Organization; May 15, 2007, reported favorably by the
1-5 following vote: Yeas 7, Nays 0; May 15, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the continuation and functions of the Teacher
1-9 Retirement System of Texas; providing penalties.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 824.302, Government Code, is amended to
1-12 read as follows:

1-13 Sec. 824.302. ELIGIBILITY FOR DISABILITY RETIREMENT.
1-14 Subject to Section 824.310, a [A] member is eligible to retire and
1-15 receive a disability retirement annuity if the member:

1-16 (1) is mentally or physically disabled from the
1-17 further performance of duty; and

1-18 (2) has a [the] disability that is probably permanent.

1-19 SECTION 2. Sections 824.304(a), (b), and (d), Government
1-20 Code, are amended to read as follows:

1-21 (a) Subject to Section 824.310, if [~~if~~] a member has a total
1-22 of less than 10 years of service credit in the retirement system on
1-23 the date of disability retirement, the retirement system shall pay
1-24 the person a disability retirement annuity of \$150 a month for the
1-25 shortest of the following periods:

1-26 (1) the duration of the disability;

1-27 (2) the number of months of creditable service the
1-28 person has at retirement; or

1-29 (3) the duration of the person's life.

1-30 (b) Subject to Section 824.310, if [~~if~~] a member has a total
1-31 of at least 10 years of service credit in the retirement system on
1-32 the date of disability retirement, the retirement system shall pay
1-33 the person for the duration of the disability a disability
1-34 retirement annuity in an amount equal to the greater of:

1-35 (1) a standard service retirement annuity computed
1-36 under Section 824.203; or

1-37 (2) \$150 a month.

1-38 (d) The minimum benefits provided by this section are
1-39 subject to reduction under rules adopted under Section 824.310 and
1-40 are also subject to reduction in the same manner as other benefits
1-41 because of the selection of an optional retirement annuity.

1-42 SECTION 3. Section 824.308(b), Government Code, is amended
1-43 to read as follows:

1-44 (b) An optional disability retirement annuity is an annuity
1-45 payable throughout the disability of the disability retiree and is
1-46 actuarially reduced from the annuity otherwise payable under
1-47 Section 824.304(b), after any reduction under rules adopted under
1-48 Section 824.310, to its actuarial equivalent under the option
1-49 selected under Subsection (c).

1-50 SECTION 4. Subchapter D, Chapter 824, Government Code, is
1-51 amended by adding Section 824.310 to read as follows:

1-52 Sec. 824.310. PURPOSE OF DISABILITY BENEFIT; LIMIT ON
1-53 SUPPLEMENTAL INCOME. (a) The purpose of a disability retirement
1-54 annuity paid under this subchapter is to lessen the financial
1-55 hardships faced by a member with a disability.

1-56 (b) The board of trustees shall adopt rules under which the
1-57 disability retirement annuity paid to a disability retiree under
1-58 this subchapter is reduced on a sliding-scale basis or is suspended
1-59 for a period in which the compensation earned by the retiree for
1-60 work performed in a 12-month period during the disability
1-61 retirement, as determined under the rules of the board of trustees,
1-62 exceeds the compensation earned by the retiree during the 12-month
1-63 period in which the retiree earned the highest compensation for
1-64 actual service as a member of the retirement system.

2-1 (c) The rules adopted under Subsection (b) must provide for
 2-2 the partial or full reinstatement of a disability retirement
 2-3 annuity that is reduced or suspended if the compensation earned by
 2-4 the retiree for work performed during the disability retirement is
 2-5 reduced or suspended.

2-6 (d) The board of trustees by rule shall require a disability
 2-7 retiree to report to the board the amount of compensation earned by
 2-8 the disability retiree that exceeds the amount established by the
 2-9 board by rule for work performed during the disability.

2-10 SECTION 5. Sections 825.0032(c) and (e), Government Code,
 2-11 are amended to read as follows:

2-12 (c) A person [paid officer, employee, or consultant of a
 2-13 Texas trade association in the field of investment or insurance]
 2-14 may not be a trustee or an employee of the retirement system
 2-15 employed in a "bona fide executive, administrative, or professional
 2-16 capacity," as that phrase is used for purposes of establishing an
 2-17 exemption to the overtime provisions of the federal Fair Labor
 2-18 Standards Act of 1938 (29 U.S.C. Section 201 et seq.) if:

2-19 (1) the person is a paid officer, employee, or
 2-20 consultant of a Texas trade association in the field of investment
 2-21 or insurance; or

2-22 (2) the person's spouse is a paid officer, employee, or
 2-23 consultant of a Texas trade association in the field of investment
 2-24 or insurance [who is exempt from the state's position
 2-25 classification plan or is compensated at or above the amount
 2-26 prescribed by the General Appropriations Act for step 1, salary
 2-27 group 17, of the position classification salary schedule].

2-28 (e) In [For the purposes of] this section, a Texas trade
 2-29 association means [is] a [nonprofit,] cooperative[er] and
 2-30 voluntarily joined association of business or professional
 2-31 competitors in this state designed to assist its members and its
 2-32 industry or profession in dealing with mutual business or
 2-33 professional problems and in promoting their common interest.

2-34 SECTION 6. Section 825.0041, Government Code, is amended to
 2-35 read as follows:

2-36 Sec. 825.0041. BOARD MEMBER TRAINING. (a) A person who is
 2-37 appointed to and qualifies for office as a member of the board of
 2-38 trustees may not vote, deliberate, or be counted as a member in
 2-39 attendance at a meeting of the board until the person completes a
 2-40 training program that complies with [Before a member of the board
 2-41 may assume the member's duties and, if applicable, before the
 2-42 member may be confirmed by the senate the member must complete at
 2-43 least one course of the training program established under] this
 2-44 section.

2-45 (b) A training program must [established under this section
 2-46 shall] provide the person with information [to the member]
 2-47 regarding:

2-48 (1) the [enabling] legislation that created the
 2-49 retirement system and the system's programs, functions, rules, and
 2-50 budget [and its policy-making body to which the member is appointed
 2-51 to serve];

2-52 (2) [the programs operated by the system,
 2-53 [3] the role and functions of the system,
 2-54 [4] the rules of the system with an emphasis on the
 2-55 rules that relate to disciplinary and investigatory authority,
 2-56 [5] the current budget for the system,
 2-57 [6] the results of the most recent formal audit of

2-58 the system;

2-59 (3) [7] the requirements of laws relating to [the:
 2-60 [A] open meetings, public information, [law,
 2-61 Chapter 551,

2-62 [B] open records law, Chapter 552, and
 2-63 [C] administrative procedure, and conflicts of
 2-64 interest [law, Chapter 2001];

2-65 [8] the requirements of the conflict of interest laws
 2-66 and other laws relating to public officials,] and

2-67 (4) [9] any applicable ethics policies adopted by
 2-68 the system or the Texas Ethics Commission.

2-69 (c) A person appointed to the board of trustees is entitled

3-1 to reimbursement under Section 825.007 for the travel expenses
 3-2 incurred in attending the training program regardless of whether
 3-3 the attendance at the program occurs before or after the person
 3-4 qualifies for office.

3-5 SECTION 7. Section 825.006, Government Code, is amended to
 3-6 read as follows:

3-7 Sec. 825.006. SUNSET PROVISION. The board of trustees of
 3-8 the Teacher Retirement System of Texas is subject to review under
 3-9 Chapter 325 (Texas Sunset Act), but is not abolished under that
 3-10 chapter. The board shall be reviewed during the period in which
 3-11 state agencies abolished in 2019, and every 12th year after that
 3-12 year, [2007] are reviewed [or, if the retirement system's operating
 3-13 expenses are not subject to the appropriations process on September
 3-14 1, 1995, the board shall be reviewed during the period in which
 3-15 state agencies abolished in 1997 are reviewed. This section
 3-16 expires September 1, 2007].

3-17 SECTION 8. Subchapter A, Chapter 825, Government Code, is
 3-18 amended by adding Section 825.0061 to read as follows:

3-19 Sec. 825.0061. COMPLIANCE WITH SUNSET RECOMMENDATIONS. (a)
 3-20 The board of trustees shall:

3-21 (1) comply with and implement the management action
 3-22 recommendations regarding the board of trustees adopted by the
 3-23 Sunset Advisory Commission on January 10, 2007, as a result of the
 3-24 commission's review of the retirement system; and

3-25 (2) report to the Sunset Advisory Commission not later
 3-26 than November 1, 2008, the information the Sunset Advisory
 3-27 Commission requires regarding the board of trustees'
 3-28 implementation of the recommendations under Subdivision (1).

3-29 (b) This section expires June 1, 2009.

3-30 SECTION 9. Section 825.010(a), Government Code, is amended
 3-31 to read as follows:

3-32 (a) It is a ground for removal from the board that [~~if~~] a
 3-33 trustee:

3-34 (1) does not have at the time of taking office
 3-35 [~~appointment~~] the qualifications required for the trustee's
 3-36 position;

3-37 (2) does not maintain during service on the board the
 3-38 qualifications required for the trustee's position;

3-39 (3) violates a prohibition established by Section
 3-40 825.002(b) or 825.0032;

3-41 (4) cannot because of illness or disability discharge
 3-42 the trustee's duties for a substantial part of the term for which
 3-43 the trustee is appointed; or

3-44 (5) is absent from more than half [~~one-third~~] of the
 3-45 regularly scheduled board meetings that the person is eligible to
 3-46 attend during a calendar year without an excuse approved [~~unless~~
 3-47 ~~the absence is excused~~] by a majority vote of the board.

3-48 SECTION 10. Subchapter B, Chapter 825, Government Code, is
 3-49 amended by adding Section 825.1025 to read as follows:

3-50 Sec. 825.1025. NEGOTIATED RULEMAKING; ALTERNATIVE DISPUTE
 3-51 RESOLUTION. (a) The board of trustees shall develop and implement
 3-52 a policy to encourage the use of:

3-53 (1) negotiated rulemaking procedures under Chapter
 3-54 2008 for the adoption of the retirement system's rules; and

3-55 (2) appropriate alternative dispute resolution
 3-56 procedures under Chapter 2009 to assist in the resolution of
 3-57 internal and external disputes under the retirement system's
 3-58 jurisdiction.

3-59 (b) Subject to Subsection (d), the retirement system's
 3-60 procedures relating to alternative dispute resolution must
 3-61 conform, to the extent possible, to any model guidelines issued by
 3-62 the State Office of Administrative Hearings for the use of
 3-63 alternative dispute resolution by state agencies.

3-64 (c) The board of trustees shall designate a trained person
 3-65 to:

3-66 (1) coordinate the implementation of the policy
 3-67 adopted under Subsection (a);

3-68 (2) serve as a resource for any training needed to
 3-69 implement the procedures for negotiated rulemaking or alternative

4-1 dispute resolution; and
 4-2 (3) collect data concerning the effectiveness of those
 4-3 procedures, as implemented by the retirement system.

4-4 (d) The board of trustees shall ensure that the
 4-5 implementation of this section and the negotiated rulemaking
 4-6 procedures and alternative dispute resolution procedures adopted
 4-7 under this section are consistent with the fiduciary responsibility
 4-8 imposed on the board by law.

4-9 SECTION 11. Section 825.113, Government Code, is amended by
 4-10 adding Subsection (g) to read as follows:

4-11 (g) The board of trustees shall implement a policy requiring
 4-12 the retirement system to use appropriate technological solutions to
 4-13 improve the retirement system's ability to perform its functions.
 4-14 The policy must ensure that the public is able to interact with the
 4-15 retirement system on the Internet.

4-16 SECTION 12. Section 825.511, Government Code, is amended to
 4-17 read as follows:

4-18 Sec. 825.511. COMPLAINT FILES. (a) The retirement system
 4-19 shall maintain a system to promptly and efficiently act on
 4-20 complaints [~~keep an information file about each complaint~~] filed
 4-21 with the system that the system has authority to resolve. The
 4-22 system shall maintain information about parties to the complaint,
 4-23 the subject matter of the complaint, a summary of the results of the
 4-24 review or investigation of the complaint, and its disposition
 4-25 [provide to the person filing the complaint and the persons or
 4-26 entities complained about the system's policies and procedures
 4-27 pertaining to complaint investigation and resolution. The system,
 4-28 at least quarterly and until final disposition of the complaint,
 4-29 shall notify the person filing the complaint and the persons or
 4-30 entities complained about of the status of the complaint unless the
 4-31 notice would jeopardize an undercover investigation].

4-32 (b) The retirement system shall make information available
 4-33 describing its procedures for complaint investigation and
 4-34 resolution [~~keep information about each complaint filed with the~~
 4-35 ~~system. The information shall include:~~

4-36 ~~[(1) the date the complaint is received;~~
 4-37 ~~[(2) the name of the complainant;~~
 4-38 ~~[(3) the subject matter of the complaint;~~
 4-39 ~~[(4) a record of all persons contacted in relation to~~
 4-40 ~~the complaint;~~

4-41 ~~[(5) a summary of the results of the review or~~
 4-42 ~~investigation of the complaint; and~~

4-43 ~~[(6) for complaints for which the system took no~~
 4-44 ~~action, an explanation of the reason the complaint was closed~~
 4-45 ~~without action].~~

4-46 (c) The retirement system shall periodically notify the
 4-47 complaint parties of the status of the complaint until final
 4-48 disposition.

4-49 SECTION 13. Chapter 825, Government Code, is amended by
 4-50 adding Subchapter G to read as follows:

4-51 SUBCHAPTER G. MEMBER SERVICES

4-52 Sec. 825.601. POLICIES GOVERNING RETIREMENT BENEFITS
 4-53 COUNSELING. The board of trustees shall adopt policies governing
 4-54 retirement benefits counseling provided to members by the system.
 4-55 The policies must:

4-56 (1) address the manner in which the retirement system
 4-57 makes group and individual member retirement benefits counseling
 4-58 available throughout the state;

4-59 (2) identify the geographic regions of the state most
 4-60 in need of retirement benefits counseling services and the manner
 4-61 in which that need will be met; and

4-62 (3) clarify that the retirement system does not
 4-63 provide financial or legal advice.

4-64 Sec. 825.602. RETIREMENT BENEFITS COUNSELING FOR
 4-65 INDIVIDUALS. (a) To the extent feasible, the retirement system
 4-66 shall make retirement benefits counseling for individual members
 4-67 available in conjunction with informational or educational
 4-68 programs concerning retirement planning that the system provides
 4-69 for groups.

5-1 (b) The retirement system shall provide retirement benefits
 5-2 counseling for individual members in geographic regions of this
 5-3 state outside of Austin.

5-4 SECTION 14. Sections 22.004(d) and (e), Education Code, are
 5-5 amended to read as follows:

5-6 (d) Each district shall report the district's compliance
 5-7 with this section to the executive director of the Teacher
 5-8 Retirement System of Texas not later than March 1 of each
 5-9 even-numbered year in the manner required by the board of trustees
 5-10 of the Teacher Retirement System of Texas. For a district that does
 5-11 not participate in the program described by Subsection (a), the
 5-12 report must be available for review, together with the policy or
 5-13 contract for the group health coverage plan, at the central
 5-14 administrative office of each campus in the district and be posted
 5-15 on the district's Internet website if the district maintains a
 5-16 website, must be based on the district group health coverage plan in
 5-17 effect during the current plan year, and must include:

5-18 (1) appropriate documentation of:

5-19 (A) the district's contract for group health
 5-20 coverage with a provider licensed to do business in this state by
 5-21 the Texas Department of Insurance or a risk pool authorized under
 5-22 Chapter 172, Local Government Code; or

5-23 (B) a resolution of the board of trustees of the
 5-24 district authorizing a self-insurance plan for district employees
 5-25 and of the district's review of district ability to cover the
 5-26 liability assumed;

5-27 (2) the schedule of benefits;

5-28 (3) the premium rate sheet, including the amount paid
 5-29 by the district and employee;

5-30 (4) the number of employees covered by the health
 5-31 coverage plan offered by the district; ~~and~~

5-32 (5) information concerning the ease of completing the
 5-33 report, as required by the executive director of the Teacher
 5-34 Retirement System of Texas; and

5-35 (6) any other information considered appropriate by
 5-36 the executive director of the Teacher Retirement System of Texas.

5-37 (e) ~~The [Based on the criteria prescribed by Subsection (b),~~
 5-38 ~~the] executive director of the Teacher Retirement System of Texas~~
 5-39 ~~[shall, for each district that does not participate in the program~~
 5-40 ~~described by Subsection (a), certify whether a district's coverage~~
 5-41 ~~is comparable to the basic health coverage provided under Chapter~~
 5-42 ~~1551, Insurance Code. If the executive director of the Teacher~~
 5-43 ~~Retirement System of Texas determines that the group health~~
 5-44 ~~coverage offered by a district is not comparable, the executive~~
 5-45 ~~director shall report that information to the district and to the~~
 5-46 ~~Legislative Budget Board. The executive director]~~ shall submit a
 5-47 report to the legislature not later than September 1 of each
 5-48 even-numbered year describing the status of each district's group
 5-49 health coverage program based on the information contained in the
 5-50 report required by Subsection (d) ~~[and the certification required~~
 5-51 ~~by this subsection]. The retirement system shall post the report on~~
 5-52 the Internet website maintained by the system.

5-53 SECTION 15. Section 1575.004(a), Insurance Code, is amended
 5-54 to read as follows:

5-55 (a) In this chapter, "retiree" means:

5-56 (1) an individual not eligible for coverage under a
 5-57 plan provided under Chapter 1551 or 1601 who:

5-58 (A) has taken a service retirement under the
 5-59 Teacher Retirement System of Texas after September 1, 2005, with at
 5-60 least 10 years of service credit in the system, which may include up
 5-61 to five years of military service credit, but which may not include
 5-62 any other service credit purchased for equivalent or special
 5-63 service credit, and either:

5-64 (i) the sum of the retiree's age and years
 5-65 of service credit in the retirement system equals or exceeds 80 at
 5-66 the time of retirement, regardless of whether the retiree had a
 5-67 reduction in the retirement annuity for early age; or

5-68 (ii) the retiree has 30 or more years of
 5-69 service credit in the retirement system at the time of retirement;

6-1 (B) has taken a service retirement under the
 6-2 Teacher Retirement System of Texas after September 1, 2004, but on
 6-3 or before August 31, 2005, and on September 1, 2005, either:

6-4 (i) meets the requirements for eligibility
 6-5 for the group program for coverage as a retiree as those
 6-6 requirements existed on August 31, 2004;

6-7 (ii) meets the requirements of Paragraph
 6-8 (A); or

6-9 (iii) is enrolled in the group program and
 6-10 was enrolled in the group program on August 31, 2005; or

6-11 (C) has taken a service retirement under the
 6-12 Teacher Retirement System of Texas on or before August 31, 2004, and
 6-13 who is enrolled in the group program on August 31, 2005; [~~or~~]

6-14 (2) an individual who:

6-15 (A) has taken a disability retirement under the
 6-16 Teacher Retirement System of Texas; and

6-17 (B) is entitled to receive monthly benefits from
 6-18 the Teacher Retirement System of Texas; or

6-19 (3) an individual who:

6-20 (A) has taken a disability retirement under the
 6-21 Teacher Retirement System of Texas;

6-22 (B) has at least 10 years of service credit in the
 6-23 Teacher Retirement System of Texas on the date of disability
 6-24 retirement, as determined under Section 824.304, Government Code;
 6-25 and

6-26 (C) is not entitled to receive monthly benefits
 6-27 from the Teacher Retirement System of Texas because those benefits
 6-28 have been suspended in accordance with Section 824.310, Government
 6-29 Code.

6-30 SECTION 16. Subchapter E, Chapter 1575, Insurance Code, is
 6-31 amended by adding Section 1575.213 to read as follows:

6-32 Sec. 1575.213. CERTAIN DISABILITY RETIREES. An individual
 6-33 who is eligible as a retiree under Section 1575.004(a)(3) shall pay
 6-34 an additional premium in an amount determined by the trustee. The
 6-35 amount of the premium may not exceed the total cost, as determined
 6-36 by the trustee, attributable to the participation of that retiree
 6-37 and the dependents of that retiree during the period the individual
 6-38 is eligible as a retiree under Section 1575.004(a)(3).

6-39 SECTION 17. Section 4, Chapter 22, Acts of the 57th
 6-40 Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's
 6-41 Texas Civil Statutes), is amended to read as follows:

6-42 Sec. 4. In this section and in Sections 5, 6, 7, 8, 8A, 9,
 6-43 10, [~~and~~] 11, 12, and 13 of this Act:

6-44 (1) "Board of trustees" means the board of trustees of
 6-45 the Teacher Retirement System of Texas.

6-46 (2) "Educational institution" means a school district
 6-47 or an open-enrollment charter school.

6-48 (3) "Eligible qualified investment" means a qualified
 6-49 investment product offered by a company that:

6-50 (A) is certified to the board of trustees under
 6-51 Section 5 of this Act; or

6-52 (B) is eligible to certify to the board of
 6-53 trustees under Section 8 of this Act.

6-54 (4) "Employee" means an employee of an educational
 6-55 institution.

6-56 (5) "Qualified investment product" means an annuity or
 6-57 investment that:

6-58 (A) meets the requirements of Section 403(b),
 6-59 Internal Revenue Code of 1986, and its subsequent amendments;

6-60 (B) complies with applicable federal insurance
 6-61 and securities laws and regulations; and

6-62 (C) complies with applicable state insurance and
 6-63 securities laws and rules.

6-64 (6) "Retirement system" means the Teacher Retirement
 6-65 System of Texas.

6-66 (7) "Salary reduction agreement" means an agreement
 6-67 between an educational institution and an employee to reduce the
 6-68 employee's salary for the purpose of making direct contributions to
 6-69 or purchases of a qualified investment product.

7-1 SECTION 18. Section 5(a), Chapter 22, Acts of the 57th
7-2 Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's
7-3 Texas Civil Statutes), is amended to read as follows:

7-4 (a) An educational institution may enter into a salary
7-5 reduction agreement with an employee of the institution only if the
7-6 qualified investment product:

7-7 (1) is an eligible qualified investment; and

7-8 (2) is registered with the retirement system under
7-9 Section 8A of this Act.

7-10 SECTION 19. Sections 6(c), (e), and (h), Chapter 22, Acts of
7-11 the 57th Legislature, 3rd Called Session, 1962 (Article 6228a-5,
7-12 Vernon's Texas Civil Statutes), are amended to read as follows:

7-13 (c) After consultation with the Texas Department of
7-14 Insurance and the State Securities Board, the retirement system may
7-15 adopt rules only to administer this section and Sections 5, 7, 8,
7-16 8A, [and] 11, 12, and 13 of this Act.

7-17 (e) The Texas Department of Insurance and the State
7-18 Securities Board shall cooperate with the retirement system in the
7-19 administration of this Act and shall notify the retirement system
7-20 of any action or determination regarding a product or a company that
7-21 violates Section 5 or 8A of this Act.

7-22 (h) A certification or recertification remains in effect
7-23 for five years unless denied, suspended, [rejected] or revoked.

7-24 SECTION 20. Section 7(a), Chapter 22, Acts of the 57th
7-25 Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's
7-26 Texas Civil Statutes), is amended to read as follows:

7-27 (a) The retirement system may collect a fee, not to exceed
7-28 the administrative cost to the retirement system, from a company
7-29 that certifies or recertifies under Section 6 or 8 of this Act or
7-30 that registers a qualified investment product under Section 8A.
7-31 The fee for certification or recertification may not exceed \$5,000.
7-32 The fee for registration of a qualified investment product must be
7-33 set by the retirement system in the reasonable amount necessary to
7-34 recover the cost to the system of administering Section 8A of this
7-35 Act.

7-36 SECTION 21. Chapter 22, Acts of the 57th Legislature, 3rd
7-37 Called Session, 1962 (Article 6228a-5, Vernon's Texas Civil
7-38 Statutes), is amended by adding Section 8A to read as follows:

7-39 Sec. 8A. (a) A qualified investment product offered to an
7-40 employee under Section 5 of this Act must be an eligible qualified
7-41 investment registered with the retirement system under this
7-42 section. To register a product, the company offering the product
7-43 must submit an application to the retirement system in accordance
7-44 with this section and pay the registration fee established under
7-45 Section 7 of this Act.

7-46 (b) The retirement system shall adopt the form and content
7-47 of the registration application.

7-48 (c) The retirement system shall designate not more than two
7-49 registration periods each year during which a company may apply to
7-50 register a qualified investment product and add the product to the
7-51 list of qualified investment products maintained under Subsection
7-52 (f) of this section. To register a qualified investment product, a
7-53 company must submit an application for a designated registration
7-54 period in the manner required by the retirement system.

7-55 (d) A company that registers a qualified investment product
7-56 under this section shall notify the retirement system if, at any
7-57 time, the product is not an eligible qualified investment.

7-58 (e) A registration under this section remains in effect for
7-59 five years unless denied, suspended, or revoked.

7-60 (f) The retirement system shall establish and maintain a
7-61 list of qualified investment products that are registered under
7-62 this section. The list must include information concerning all the
7-63 fees charged in connection with each registered qualified
7-64 investment product and the sale and administration of the product.
7-65 The list must include other information concerning each product as
7-66 determined by the retirement system. In implementing the list, the
7-67 retirement system shall take action to avoid increasing the amount
7-68 of work required of educational institutions, which may include
7-69 assigning a unique identifying number to each product. The list

8-1 must be available on the retirement system's Internet website.

8-2 SECTION 22. Section 9, Chapter 22, Acts of the 57th
8-3 Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's
8-4 Texas Civil Statutes), is amended to read as follows:

8-5 Sec. 9. An educational institution may not:

8-6 (1) refuse to enter into a salary reduction agreement
8-7 with an employee if the qualified investment product that is the
8-8 subject of the salary reduction is an eligible qualified investment
8-9 and is registered with the system under Section 8A;

8-10 (2) require or coerce an employee's attendance at any
8-11 meeting at which qualified investment products are marketed;

8-12 (3) limit the ability of an employee to initiate,
8-13 change, or terminate a qualified investment product at any time the
8-14 employee chooses;

8-15 (4) grant exclusive access to an employee by
8-16 discriminating against or imposing barriers to any agent, broker,
8-17 or company that provides qualified investment products under this
8-18 Act;

8-19 (5) grant exclusive access to information about an
8-20 employee's financial information, including information about an
8-21 employee's qualified investment products, to a company or agent
8-22 offering qualified investment products unless the employee
8-23 consents in writing to the access;

8-24 (6) accept any benefit from a company or from an agent
8-25 or affiliate of a company that offers qualified investment
8-26 products; or

8-27 (7) use public funds to recommend a qualified
8-28 investment product offered by a company or an agent of a company
8-29 that offers a qualified investment product.

8-30 SECTION 23. Section 10(a), Chapter 22, Acts of the 57th
8-31 Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's
8-32 Texas Civil Statutes), is amended to read as follows:

8-33 (a) A person commits an offense if the person:

8-34 (1) sells or offers for sale a qualified investment
8-35 product that is not an eligible qualified investment or that is not
8-36 registered under Section 8A of this Act and that the person knows
8-37 will be the subject of a salary reduction agreement;

8-38 (2) violates the licensing requirements of Title 13
8-39 [Subchapter A, Chapter 21], Insurance Code, with regard to a
8-40 qualified investment product that the person knows will be the
8-41 subject of a salary reduction agreement; or

8-42 (3) engages in activity described by Subchapter B,
8-43 Chapter 541 [Section 4, Article 21.21], Insurance Code, with regard
8-44 to a qualified investment product that the person knows will be the
8-45 subject of a salary reduction agreement.

8-46 SECTION 24. Section 11(c), Chapter 22, Acts of the 57th
8-47 Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's
8-48 Texas Civil Statutes), is amended to read as follows:

8-49 (c) The notice required under this section must be uniform
8-50 and:

8-51 (1) be in at least 14-point type;

8-52 (2) contain spaces for:

8-53 (A) the name, address, and telephone number of
8-54 the agent and company offering the annuity contract for sale;

8-55 (B) the name, address, and telephone number of
8-56 the company underwriting the annuity;

8-57 (C) the license number of the person offering to
8-58 sell the product;

8-59 (D) the name of the state agency that issued the
8-60 person's license;

8-61 (E) the name of the company account
8-62 representative who has the authority to respond to inquiries or
8-63 complaints; and

8-64 (F) with respect to fixed annuity products:

8-65 (i) the current interest rate or the
8-66 formula used to calculate the current rate of interest;

8-67 (ii) the guaranteed rate of interest and
8-68 the percentage of the premium to which the interest rate applies;

8-69 (iii) how interest is compounded;

9-1 (iv) the amount of any up-front, surrender,
 9-2 withdrawal, deferred sales, and market value adjustment charges or
 9-3 any other contract restriction that exceeds 10 years;

9-4 (v) the time, if any, the annuity is
 9-5 required to be in force before the purchaser is entitled to the full
 9-6 bonus accumulation value;

9-7 (vi) the manner in which the amount of the
 9-8 guaranteed benefit under the annuity is computed;

9-9 (vii) whether loans are guaranteed to be
 9-10 available under the annuity;

9-11 (viii) what restrictions, if any, apply to
 9-12 the availability of money attributable to the value of the annuity
 9-13 once the purchaser is retired or separated from the employment of
 9-14 the employer;

9-15 (ix) the amount of any other fees, costs, or
 9-16 penalties;

9-17 (x) whether the annuity guarantees the
 9-18 participant the right to surrender a percentage of the surrender
 9-19 value each year, and the percentage, if any; and

9-20 (xi) whether the annuity guarantees the
 9-21 interest rate associated with any settlement option; and

9-22 (3) state, in plain language:

9-23 (A) that the company offering the annuity must
 9-24 comply with Section 5 of this Act and that the annuity must be a
 9-25 qualified investment product registered under Section 8A of this
 9-26 Act;

9-27 (B) that the potential purchaser may contact the
 9-28 retirement system or access its Internet website to determine which
 9-29 companies are in compliance with Section 5 of this Act and which
 9-30 qualified investment products are registered under Section 8A of
 9-31 this Act;

9-32 (C) the civil remedies available to the employee;

9-33 (D) that the employee may purchase any eligible
 9-34 qualified investment through a salary reduction agreement;

9-35 (E) the name and telephone number of the Texas
 9-36 Department of Insurance division that specializes in consumer
 9-37 protection; and

9-38 (F) the name and telephone number of the attorney
 9-39 general's division that specializes in consumer protection.

9-40 SECTION 25. Chapter 22, Acts of the 57th Legislature, 3rd
 9-41 Called Session, 1962 (Article 6228a-5, Vernon's Texas Civil
 9-42 Statutes), is amended by adding Section 13 to read as follows:

9-43 Sec. 13. (a) The board of trustees may deny, suspend, or
 9-44 revoke the certification or recertification of a company if the
 9-45 company violates Section 5, 6, 7, 8, 8A, 10, 11, or 12 of this Act or
 9-46 a rule adopted under those sections.

9-47 (b) The board of trustees may deny, suspend, or revoke the
 9-48 registration of an investment product under this section if:

9-49 (1) the product is not an eligible qualified
 9-50 investment;

9-51 (2) the offer of the product violates Section 5, 6, 7,
 9-52 8, 8A, 10, 11, or 12 of this Act or a rule adopted under those
 9-53 sections; or

9-54 (3) the company that offers the product violates
 9-55 Section 5, 6, 7, 8, 8A, 10, 11, or 12 of this Act or a rule adopted
 9-56 under those sections.

9-57 (c) A proceeding to suspend or revoke a certification,
 9-58 recertification, or registration under this section is a contested
 9-59 case under Chapter 2001, Government Code.

9-60 SECTION 26. Section 17.46(b), Business & Commerce Code, is
 9-61 amended to read as follows:

9-62 (b) Except as provided in Subsection (d) of this section,
 9-63 the term "false, misleading, or deceptive acts or practices"
 9-64 includes, but is not limited to, the following acts:

9-65 (1) passing off goods or services as those of another;

9-66 (2) causing confusion or misunderstanding as to the
 9-67 source, sponsorship, approval, or certification of goods or
 9-68 services;

9-69 (3) causing confusion or misunderstanding as to

10-1 affiliation, connection, or association with, or certification by,
10-2 another;

10-3 (4) using deceptive representations or designations
10-4 of geographic origin in connection with goods or services;

10-5 (5) representing that goods or services have
10-6 sponsorship, approval, characteristics, ingredients, uses,
10-7 benefits, or quantities which they do not have or that a person has
10-8 a sponsorship, approval, status, affiliation, or connection which
10-9 he does not;

10-10 (6) representing that goods are original or new if
10-11 they are deteriorated, reconditioned, reclaimed, used, or
10-12 secondhand;

10-13 (7) representing that goods or services are of a
10-14 particular standard, quality, or grade, or that goods are of a
10-15 particular style or model, if they are of another;

10-16 (8) disparaging the goods, services, or business of
10-17 another by false or misleading representation of facts;

10-18 (9) advertising goods or services with intent not to
10-19 sell them as advertised;

10-20 (10) advertising goods or services with intent not to
10-21 supply a reasonable expectable public demand, unless the
10-22 advertisements disclosed a limitation of quantity;

10-23 (11) making false or misleading statements of fact
10-24 concerning the reasons for, existence of, or amount of price
10-25 reductions;

10-26 (12) representing that an agreement confers or
10-27 involves rights, remedies, or obligations which it does not have or
10-28 involve, or which are prohibited by law;

10-29 (13) knowingly making false or misleading statements
10-30 of fact concerning the need for parts, replacement, or repair
10-31 service;

10-32 (14) misrepresenting the authority of a salesman,
10-33 representative or agent to negotiate the final terms of a consumer
10-34 transaction;

10-35 (15) basing a charge for the repair of any item in
10-36 whole or in part on a guaranty or warranty instead of on the value of
10-37 the actual repairs made or work to be performed on the item without
10-38 stating separately the charges for the work and the charge for the
10-39 warranty or guaranty, if any;

10-40 (16) disconnecting, turning back, or resetting the
10-41 odometer of any motor vehicle so as to reduce the number of miles
10-42 indicated on the odometer gauge;

10-43 (17) advertising of any sale by fraudulently
10-44 representing that a person is going out of business;

10-45 (18) advertising, selling, or distributing a card
10-46 which purports to be a prescription drug identification card issued
10-47 under Section 4151.152, Insurance Code, in accordance with rules
10-48 adopted by the commissioner of insurance, which offers a discount
10-49 on the purchase of health care goods or services from a third party
10-50 provider, and which is not evidence of insurance coverage, unless:

10-51 (A) the discount is authorized under an agreement
10-52 between the seller of the card and the provider of those goods and
10-53 services or the discount or card is offered to members of the
10-54 seller;

10-55 (B) the seller does not represent that the card
10-56 provides insurance coverage of any kind; and

10-57 (C) the discount is not false, misleading, or
10-58 deceptive;

10-59 (19) using or employing a chain referral sales plan in
10-60 connection with the sale or offer to sell of goods, merchandise, or
10-61 anything of value, which uses the sales technique, plan,
10-62 arrangement, or agreement in which the buyer or prospective buyer
10-63 is offered the opportunity to purchase merchandise or goods and in
10-64 connection with the purchase receives the seller's promise or
10-65 representation that the buyer shall have the right to receive
10-66 compensation or consideration in any form for furnishing to the
10-67 seller the names of other prospective buyers if receipt of the
10-68 compensation or consideration is contingent upon the occurrence of
10-69 an event subsequent to the time the buyer purchases the merchandise

11-1 or goods;

11-2 (20) representing that a guarantee or warranty confers
11-3 or involves rights or remedies which it does not have or involve,
11-4 provided, however, that nothing in this subchapter shall be
11-5 construed to expand the implied warranty of merchantability as
11-6 defined in Sections 2.314 through 2.318 and Sections 2A.212 through
11-7 2A.216 to involve obligations in excess of those which are
11-8 appropriate to the goods;

11-9 (21) promoting a pyramid promotional scheme, as
11-10 defined by Section 17.461;

11-11 (22) representing that work or services have been
11-12 performed on, or parts replaced in, goods when the work or services
11-13 were not performed or the parts replaced;

11-14 (23) filing suit founded upon a written contractual
11-15 obligation of and signed by the defendant to pay money arising out
11-16 of or based on a consumer transaction for goods, services, loans, or
11-17 extensions of credit intended primarily for personal, family,
11-18 household, or agricultural use in any county other than in the
11-19 county in which the defendant resides at the time of the
11-20 commencement of the action or in the county in which the defendant
11-21 in fact signed the contract; provided, however, that a violation of
11-22 this subsection shall not occur where it is shown by the person
11-23 filing such suit he neither knew or had reason to know that the
11-24 county in which such suit was filed was neither the county in which
11-25 the defendant resides at the commencement of the suit nor the county
11-26 in which the defendant in fact signed the contract;

11-27 (24) failing to disclose information concerning goods
11-28 or services which was known at the time of the transaction if such
11-29 failure to disclose such information was intended to induce the
11-30 consumer into a transaction into which the consumer would not have
11-31 entered had the information been disclosed;

11-32 (25) using the term "corporation," "incorporated," or
11-33 an abbreviation of either of those terms in the name of a business
11-34 entity that is not incorporated under the laws of this state or
11-35 another jurisdiction;

11-36 (26) selling, offering to sell, or illegally promoting
11-37 an annuity contract under Chapter 22, Acts of the 57th Legislature,
11-38 3rd Called Session, 1962 (Article 6228a-5, Vernon's Texas Civil
11-39 Statutes), with the intent that the annuity contract will be the
11-40 subject of a salary reduction agreement, as defined by that Act, if
11-41 the annuity contract is not an eligible qualified investment under
11-42 that Act or is not registered with the Teacher Retirement System of
11-43 Texas as required by Section 8A of that Act; or

11-44 (27) taking advantage of a disaster declared by the
11-45 governor under Chapter 418, Government Code, by:

11-46 (A) selling or leasing fuel, food, medicine, or
11-47 another necessity at an exorbitant or excessive price; or

11-48 (B) demanding an exorbitant or excessive price in
11-49 connection with the sale or lease of fuel, food, medicine, or
11-50 another necessity.

11-51 SECTION 27. Section 825.0032(d), Government Code, is
11-52 repealed.

11-53 SECTION 28. The changes in law made by Sections 824.302,
11-54 824.304, and 824.308, Government Code, and Section 1575.004,
11-55 Insurance Code, as amended by this Act, and by Section 824.310,
11-56 Government Code, and Section 1575.213, Insurance Code, as added by
11-57 this Act, apply only to the disability retirement annuity of a
11-58 person who applies for the annuity on or after the effective date of
11-59 this Act. The disability retirement annuity of a person who applies
11-60 for the annuity before the effective date of this Act is governed by
11-61 the law as it existed immediately before the effective date of this
11-62 Act, and that law is continued in effect for that purpose.

11-63 SECTION 29. The changes in law made by this Act by the
11-64 amendment of Sections 825.0032, 825.0041, and 825.010, Government
11-65 Code, regarding the prohibitions on, qualifications of, and
11-66 training for members of the board of trustees of the Teacher
11-67 Retirement System of Texas do not affect the entitlement of a member
11-68 serving on the board immediately before September 1, 2007, to
11-69 continue to serve and function as a member of the board for the

12-1 remainder of the member's term. The changes in law described by
12-2 this section apply only to a member appointed on or after September
12-3 1, 2007.

12-4 SECTION 30. The change in law made by this Act to Chapter
12-5 22, Acts of the 57th Legislature, 3rd Called Session, 1962 (Article
12-6 6228a-5, Vernon's Texas Civil Statutes), applies only to the offer
12-7 of a qualified investment product in accordance with that Act on or
12-8 after January 1, 2008. The offer of a qualified investment product
12-9 before January 1, 2008, is governed by the law as it existed
12-10 immediately before the effective date of this Act, and that law is
12-11 continued in effect for that purpose.

12-12 SECTION 31. The change in law made by this Act to Section
12-13 10(a), Chapter 22, Acts of the 57th Legislature, 3rd Called
12-14 Session, 1962 (Article 6228a-5, Vernon's Texas Civil Statutes),
12-15 applies only to an offense committed on or after January 1, 2008.
12-16 For purposes of this section, an offense is committed before
12-17 January 1, 2008, if any element of the offense occurs before that
12-18 date. An offense committed before January 1, 2008, is covered by
12-19 the law in effect when the offense was committed, and the former law
12-20 is continued in effect for that purpose.

12-21 SECTION 32. Section 17.46(b), Business & Commerce Code, as
12-22 amended by this Act, applies only to a cause of action that accrues
12-23 on or after January 1, 2008. A cause of action that accrues before
12-24 January 1, 2008, is governed by the law as it existed immediately
12-25 before the effective date of this Act, and that law is continued in
12-26 effect for that purpose.

12-27 SECTION 33. This Act takes effect September 1, 2007.

12-28 * * * * *