

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 22, 2009

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3480 by Truitt (Relating to certain investment products made available to certain public school employees and the companies authorized to provide those products; providing civil penalties.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Civil Statutes to expand the types of companies offering 403(b) retirement plans eligible to certify with the Teacher Retirement System (TRS) and would require a company contracting with a public school to administer its 403(b) plan be certified by the Texas Department of Insurance (TDI), registered with the State Securities Board (SB), or authorized to exercise fiduciary powers by the Department of Banking (DoB).

TDI, DoB, and SB would investigate complaints received by TRS, and the bill would require TDI, DoB, and SB to cooperate and provide a quarterly report to TRS of any company that violates certification requirements. A company found in violation will have their certification revoked for one year. Additionally, the DoB would be responsible for referring a complaint from the retirement system that relates to a federally chartered financial institution to the appropriate federal regulatory agency. The Office of Attorney General (OAG) would be notified of the referral.

The OAG would enforce civil penalties established in the bill ranging from \$10,000 to \$1 million for single or multiple violations.

Based on information provided by the OAG, TRS, DoB, TDI, and SB, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 312 Securities Board, 323 Teacher Retirement System, 451 Department of Banking, 454 Department of Insurance

LBB Staff: JOB, KJG, MW, ACa, JRO