

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 28, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

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 Passed 2nd House**

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). The Texas Department of Insurance (TDI), Department of Banking (DOB), and the Securities Board (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. 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.

The bill would not allow a person, other than an employee of an educational institution, or an affiliate to enter into or renew a contract for the administration of an educational institution's Section 403(b) retirement plan unless the person holds a license from TDI, is registered with SB, or is a financial institution that is authorized by state or federal law to exercise fiduciary powers and has a main office in the State of Texas.

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

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