

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 15, 2009

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions, Investments & Financial Services

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.), **Committee Report 1st House, Substituted**

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, a certified company, an affiliate, or an agent may not enter into or renew a contract for the administration of an educational institution's Section 403(b) retirement plan.

The Office of Attorney General (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

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