

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 18, 2011

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

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

IN RE: HB3472 by Patrick, Diane (Relating to the ethics and financial disclosure requirements of members of the governing board, officers, and employees of certain public retirement systems and officers and employees of a nonprofit corporation for investment of the permanent university fund.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would make changes to the ethics and financial disclosure requirements of several public retirement systems, including the Teacher Retirement System, Employees Retirement System and University of Texas Investment Management Company.

The bill would require governing board members and investment fund officers to file a personal financial statement with the Texas Ethics Commission and a person designated by the board. The designated person would review each statement to identify any potential conflicts of interest and report to the board of trustees any conflicts of interest identified. An employee required to file a financial disclosure statement would be required to file a signed statement annually that the employee has disclosed any outside employment activity or business activity and that the employee has received approval from the executive director for the employment or business activity.

While the bill would add administrative requirements to the affected entities, they could be absorbed within existing resources.

However, UT System claims the disclosures required by the bill would be "highly intimate and embarrassing and not of legitimate public interest" and would "greatly impair....its ability to attract directors with substantial background and expertise in investments."

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 720 The University of Texas System Administration

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