

BILL ANALYSIS

H.B. 2198
By: Anchia
Pensions
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The State Pension Review Board was created in 1979 to oversee state and local public retirement systems through the ongoing assessment of the systems' actuarial and financial soundness. The agency also provides policymakers and the public with information on Texas' public pensions, and provides education and assistance to pension trustees and administrators. The Board is subject to the Sunset Act and will be abolished on September 1, 2013, unless continued by the Legislature. As a result of its review of the Board, the Sunset Advisory Commission recommended several statutory modifications that are contained in this legislation.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

Continues the State Pension Review Board.

H.B. 2198 changes the Board's Sunset review date to 2025 to continue the agency for 12 years.

Exempts defined contribution and certain local volunteer firefighter retirement plans from most State Pension Review Board reporting requirements.

The bill defines "defined contribution plan" and exempts defined contribution and certain local volunteer firefighter retirement plans from certain reporting requirements including reports on membership, investment policy, annual financial condition, actuarial valuations, and membership. The bill maintains requirements for defined contribution and certain local volunteer firefighter retirement plans regarding registration with the Board, summarized plan information, and significant plan changes.

H.B. 2198 includes an exemption for certain local volunteer firefighter retirement plans from the statutory requirement to have their accounts audited at least annually by a certified public accountant, but does not include this exemption for defined contribution plans. The bill makes a conforming change by repealing Sec. 802.103(c), Government Code, which provides an alternative annual financial reporting requirement for local firefighter pension plans with less than \$50,000 in total assets.

Clarifies the Board's authority to provide training.

The bill creates a new section of code that describes and expands upon the agency's existing statutory authorization to develop and conduct training and other educational activities for public retirement system trustees and administrators. The bill authorizes the Board to use live training seminars on the Internet and other technologies, and to maintain archives of previous training sessions online.

Updates public retirement system reporting requirements to help the Board receive needed data.

H.B. 2198 defines "actuarial experience study" and requires public retirement systems that conduct actuarial experience studies to submit copies of the studies to the Board before the 31st day after the study's adoption. The bill exempts five statewide retirement systems from this requirement. The bill specifies that the requirement to send copies of actuarial experience studies applies only to actuarial experience studies conducted on or after the effective date of the bill.

The bill clarifies existing law regarding required financial reports specifying that a general audit of the governmental entity that employs the active members of a retirement system does not satisfy retirement systems' annual financial reporting requirements.

H.B. 2198 requires public retirement systems to provide the Board with a summary of significant changes to their statutes or ordinances affecting benefits, contributions, or eligibility before the 31st day, rather than the 271st day, after their adoption. The bill specifies that the requirement to report plan changes to the Board before the 31st day after their adoption applies only to changes adopted on or after the effective date of the bill. The bill does not change the requirement for public retirement systems to submit copies of the summarized information required by Sec. 802.106(a) to the Board before the 31st day after the date of publication.

Applies standard Sunset across-the-board recommendations.

H.B. 2198 adds standard Sunset language requiring the Board to develop a policy that encourages the use of negotiated rulemaking and alternative dispute resolution. The bill adds standard Sunset language prohibiting a person from serving as a board member or high-level agency employee if the person, or the person's spouse, is an officer, employee, or paid consultant of a Texas trade association in the field of pensions and defines "Texas trade association." The bill specifies that this change in law related to board membership applies only to a member appointed on or after September 1, 2013.

Repealers

Government Code, 802.103(c)

EFFECTIVE DATE

September 1, 2013.