

By: Callegari, et al. (Senate Sponsor - Duncan) H.B. No. 13
(In the Senate - Received from the House April 18, 2013;
April 24, 2013, read first time and referred to Committee on State
Affairs; April 29, 2013, reported favorably by the following vote:
Yeas 8, Nays 0; April 29, 2013, sent to printer.)

COMMITTEE VOTE

	Yea	Nay	Absent	PNV
Duncan	X			
Deuell	X			
Ellis	X			
Fraser	X			
Huffman	X			
Lucio	X			
Nichols	X			
Van de Putte	X			
Williams			X	

A BILL TO BE ENTITLED
AN ACT

relating to the State Pension Review Board and public retirement systems; authorizing a fee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 801.001, Government Code, is amended by adding Subdivisions (1-a), (3), and (4) to read as follows:

(1-a) "Governing body of a public retirement system" has the meaning assigned by Section 802.001.

(3) "System administrator" means a person designated by the governing body of a public retirement system to supervise the day-to-day affairs of the public retirement system.

(4) "Trustee" means a member of the governing body of a public retirement system.

SECTION 2. Subchapter C, Chapter 801, Government Code, is amended by adding Sections 801.209, 801.210, and 801.211 to read as follows:

Sec. 801.209. PUBLIC RETIREMENT SYSTEM REPORTS AND INFORMATION. (a) For each public retirement system, the board shall post on the board's Internet website, or on a publicly available website that is linked to the board's website, the most recent data from reports received under Sections 802.101, 802.103, 802.104, 802.105, and 802.108.

(b) On the 60th day after the date a report or information required by this chapter or Chapter 802 is due to the board, the board shall post on the board's website a list of public retirement systems that have not submitted the required reports or information.

(c) For each public retirement system included on the list posted under Subsection (b), the board shall notify:

(1) the governor and the Legislative Budget Board regarding the lack of a timely submission by the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas County and District Retirement System, the Texas Municipal Retirement System, the Texas Emergency Services Retirement System, or the Judicial Retirement System of Texas Plan Two; or

(2) the governing body of the political subdivision of which members of the public retirement system are employees regarding the lack of a timely submission by a public retirement system other than a system listed in Subdivision (1).

Sec. 801.210. MODEL ETHICAL STANDARDS AND CONFLICT-OF-INTEREST POLICIES. (a) The board shall develop and make reasonably accessible on the board's Internet website model ethical standards and model conflict-of-interest policies,

including disclosure requirements, for voluntary use by a public retirement system.

(b) A public retirement system is not required to adopt a standard or policy based on the model developed under this section.

Sec. 801.211. PUBLIC RETIREMENT SYSTEM EDUCATIONAL TRAINING PROGRAM. (a) The board shall develop and administer an educational training program for trustees and system administrators.

(b) The curriculum of the educational training program must include minimum training requirements for trustees and system administrators. The board shall develop a system to track compliance with the minimum training requirements by trustees and system administrators and shall report the level of compliance in the biennial report required by Section 801.203.

(c) The curriculum of the educational training program under this section may include optional training classes for trustees, system administrators, and other employees of public retirement systems.

(d) To the extent practicable, the board shall make training classes reasonably accessible to trustees and system administrators of public retirement systems on an Internet website maintained for that purpose.

(e) The board may adopt rules and appropriate fees to administer and provide educational training programs under this section. The fees set by the board must be reasonable to pay the actual costs incurred by the board to conduct the training classes. The fees must be paid from a source considered appropriate by the governing body of the public retirement system. A public retirement system may provide its own educational training to its trustees and system administrators if the board determines that the system's training meets or exceeds the minimum training requirements established by the board. A trustee or system administrator who participates in that approved educational training fulfills the minimum training requirements established by the board.

SECTION 3. Section 802.001, Government Code, is amended by adding Subdivision (4) to read as follows:

(4) "System administrator" means a person designated by the governing body of a public retirement system to supervise the day-to-day affairs of the public retirement system.

SECTION 4. The heading to Section 802.107, Government Code, is amended to read as follows:

Sec. 802.107. GENERAL PROVISIONS RELATING TO REPORTS AND CONTACT INFORMATION.

SECTION 5. Section 802.107, Government Code, is amended by adding Subsections (c), (d), and (e) to read as follows:

(c) A public retirement system shall post on a publicly available Internet website:

(1) the name, business address, and business telephone number of a system administrator of the public retirement system; and

(2) a copy of the most recent edition of each report and other written information that is required by this chapter or Chapter 801 to be submitted to the board.

(d) A public retirement system that maintains a website or for which a website is maintained shall prominently post a link on that website to the information required by Subsection (c). All other public retirement systems shall:

(1) prominently post the information required by Subsection (c) on a website that is maintained by the governing body of the political subdivision of which members of the public retirement system are officers or employees; or

(2) post the information required by Subsection (c) on a publicly available website that is maintained by a state agency.

(e) A report or other information posted under Subsection (c) must remain posted until replaced with a more recently submitted edition of the report or information.

SECTION 6. Subchapter B, Chapter 802, Government Code, is amended by adding Section 802.108 to read as follows:

Sec. 802.108. REPORT OF INVESTMENT RETURNS AND ASSUMPTIONS.

(a) A public retirement system shall, before the 211th day after the last day of its fiscal year, submit to the board an investment returns and actuarial assumptions report that includes:

(1) gross investment returns and net investment returns for each of the most recent 10 fiscal years;

(2) the rolling gross and rolling net investment returns for the most recent 1-year, 3-year, and 10-year periods;

(3) the rolling gross and rolling net investment return for the most recent 30-year period or the gross and net investment return since inception of the system, whichever period is shorter;

(4) the assumed rate of return used in the most recent actuarial valuation; and

(5) the assumed rate of return used in each of the most recent 10 actuarial valuations.

(b) For purposes of this section, "net investment return" means the gross investment return minus investment expenses. The net investment return may be calculated as the money-weighted rate of return as required by generally accepted accounting principles. The period basis for each report of investment returns under this section must be the fiscal year of the public retirement system submitting the report.

(c) If any information required to be reported by a public retirement system under Subsection (a) is unavailable, the governing body of the public retirement system shall, before the 211th day after the last day of the public retirement system's fiscal year, submit to the board a letter certifying that the information is unavailable, providing a reason for the unavailability of the information, and agreeing to timely submit the information to the board if it becomes available.

SECTION 7. (a) In this section:

(1) "Governing body of a public retirement system" and "public retirement system" have the meanings assigned by Section 802.001, Government Code.

(2) "Pension review board" means the State Pension Review Board established under Chapter 801, Government Code.

(b) The pension review board shall conduct a study of the financial health of public retirement systems in this state, including each system's ability to meet its long-term obligations taking into account the contributions made to, benefits paid by, and investments made by the public retirement system. The pension review board may adopt rules to define the scope of the study under this subsection.

(c) Each public retirement system shall fully cooperate with the pension review board in conducting the study required under Subsection (b) of this section and timely respond to requests for information made by the board for the purpose of performing the study. Confidential information as described by Section 552.0038(c), Government Code, that is provided by a public retirement system under this subsection remains confidential and may not be disclosed by the board.

(d) Not later than September 1, 2014, the pension review board shall prepare a written report containing the findings of the study conducted under this section, including the board's recommendations regarding how a public retirement system may mitigate its risk of not meeting its long-term obligations.

(e) The pension review board shall provide each public retirement system covered in the report prepared under Subsection (d) of this section a reasonable opportunity to review the portion of the report and the recommendations applicable to that retirement system and an opportunity to submit a response to the board. The board may revise its report after considering a response. Not later than December 31, 2014, the board shall submit to the legislature the final written report, including the board's recommendations, and a copy of the responses provided by the public retirement systems under this subsection.

SECTION 8. (a) The State Pension Review Board shall develop and publish the model ethical standards and conflict-of-interest policies required by Section 801.210,

H.B. No. 13
Government Code, as added by this Act, as soon as practicable after the effective date of this Act, but not later than December 31, 2013.

(b) The State Pension Review Board shall adopt rules to implement the educational training program required by Section 801.211, Government Code, as added by this Act, as soon as practicable after the effective date of this Act, but not later than necessary to begin providing training classes on or before September 1, 2014.

(c) For purposes of reporting the level of compliance with the minimum training requirements of the educational training program as required by Section 801.211(b), Government Code, as added by this Act, the State Pension Review Board may only evaluate compliance with the minimum training requirements by trustees and administrators of public retirement systems on or after January 1, 2015.

SECTION 9. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

* * * * *