

By: Anchia

H.B. No. 2198

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the continuation and functions of the State Pension
3 Review Board.

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

5 SECTION 1. Section 801.1021, Government Code, is amended to
6 read as follows:

7 Sec. 801.1021. CONFLICT PROVISIONS. (a) In this section,
8 "Texas trade association" means a cooperative and voluntarily
9 joined statewide association of business or professional
10 competitors in this state designed to assist its members and its
11 industry or profession in dealing with mutual business or
12 professional problems and in promoting their common interest.

13 (b) A person is not eligible for appointment as a member of
14 the board if the person or the person's spouse:

15 (1) is employed by or participates in the management
16 of a business entity or other organization receiving funds from the
17 board;

18 (2) owns or controls, directly or indirectly, more
19 than a 10 percent interest in a business entity or other
20 organization receiving funds from the board; or

21 (3) uses or receives a substantial amount of tangible
22 goods, services, or funds from the board, other than compensation
23 or reimbursement authorized by law for board membership,
24 attendance, or expenses.

1 (c) [~~(b)~~] A person may not serve as a member of the board or
2 act as the general counsel to the board if the person is required to
3 register as a lobbyist under Chapter 305 because of the person's
4 activities for compensation on behalf of a profession related to
5 the operation of the board.

6 (d) A person may not be a member of the board and may not be a
7 board employee employed in a "bona fide executive, administrative,
8 or professional capacity," as that phrase is used for purposes of
9 establishing an exemption to the overtime provisions of the federal
10 Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.),
11 if:

12 (1) the person is an officer, employee, or paid
13 consultant of a Texas trade association in the field of pensions; or

14 (2) the person's spouse is an officer, manager, or paid
15 consultant of a Texas trade association in the field of pensions.

16 SECTION 2. Section 801.107, Government Code, is amended to
17 read as follows:

18 Sec. 801.107. SUNSET PROVISION. The State Pension Review
19 Board is subject to Chapter 325 (Texas Sunset Act). Unless
20 continued in existence as provided by that chapter, the board is
21 abolished and this chapter expires September 1, 2025 [~~2013~~].

22 SECTION 3. Subchapter C, Chapter 801, Government Code, is
23 amended by adding Section 801.2012 to read as follows:

24 Sec. 801.2012. NEGOTIATED RULEMAKING AND ALTERNATIVE
25 DISPUTE RESOLUTION PROCEDURES. (a) The board shall develop and
26 implement a policy to encourage the use of:

27 (1) negotiated rulemaking procedures under Chapter

1 2008 for the adoption of board rules; and
2 (2) appropriate alternative dispute resolution
3 procedures under Chapter 2009 to assist in the resolution of
4 internal and external disputes under the board's jurisdiction.

5 (b) The board's procedures relating to alternative dispute
6 resolution must conform, to the extent possible, to any model
7 guidelines issued by the State Office of Administrative Hearings
8 for the use of alternative dispute resolution by state agencies.

9 (c) The board shall:

10 (1) coordinate the implementation of the policy
11 adopted under Subsection (a);

12 (2) provide training as needed to implement the
13 procedures for negotiated rulemaking or alternative dispute
14 resolution; and

15 (3) collect data concerning the effectiveness of those
16 procedures.

17 SECTION 4. Subchapter C, Chapter 801, Government Code, is
18 amended by adding Section 801.208 to read as follows:

19 Sec. 801.208. EDUCATION AND TRAINING. As authorized by
20 Section 801.113(e), the board may develop and conduct training
21 sessions and other educational activities for trustees and
22 administrators of public retirement systems. In exercising the
23 board's authority under this section, the board may:

24 (1) conduct live training seminars on an Internet
25 website at intervals the board considers necessary to keep trustees
26 and administrators reasonably informed;

27 (2) maintain archives of previous seminars reasonably

1 accessible to trustees and administrators on the Internet website;
2 and
3 (3) use technologies and innovations the board
4 considers appropriate to educate the greatest practicable number of
5 trustees and administrators.

6 SECTION 5. Section 802.001, Government Code, is amended by
7 adding Subdivision (1-a) to read as follows:

8 (1-a) "Defined contribution plan" means a plan
9 provided by the governing body of a public retirement system that
10 provides for an individual account for each participant and for
11 benefits based solely on the amount contributed to the
12 participant's account, and any income, expenses, gains and losses,
13 and any forfeitures of accounts of other participants that may be
14 allocated to the participant's account.

15 SECTION 6. Section 802.002, Government Code, is amended by
16 amending Subsection (b) and adding Subsections (c) and (d) to read
17 as follows:

18 (b) If a public ~~[an exempt]~~ retirement system or program
19 that is exempt under Subsection (a) is required by law to make an
20 actuarial valuation of the assets of the system or program and
21 publish actuarial information about the system or program, the
22 actuary making the valuation and the governing body publishing the
23 information must include the information required by Section
24 802.101(b).

25 (c) Notwithstanding any other law, a defined contribution
26 plan is exempt from Sections 802.101, 802.1012, 802.1014, 802.103,
27 802.104, and 802.202(d). This subsection may not be construed to

1 exempt any plan from Section 802.105 or 802.106(h).

2 (d) Notwithstanding any other law, a retirement system that
3 is organized under the Texas Local Fire Fighters Retirement Act
4 (Article 6243e, Vernon's Texas Civil Statutes) for a fire
5 department consisting exclusively of volunteers as defined by that
6 Act is exempt from Sections 802.101, 802.1012, 802.1014, 802.102,
7 802.103, 802.104, and 802.202(d). This subsection may not be
8 construed to exempt any plan from Section 802.105 or 802.106(h).

9 SECTION 7. Subchapter B, Chapter 802, Government Code, is
10 amended by adding Section 802.1014 to read as follows:

11 Sec. 802.1014. ACTUARIAL EXPERIENCE STUDY. (a) In this
12 section, "actuarial experience study" means a study in which
13 actuarial assumptions are reviewed in light of relevant experience
14 factors, important trends, and economic projections with the
15 purpose of determining whether actuarial assumptions require
16 adjustment.

17 (b) Except as provided by Subsection (c), a public
18 retirement system that conducts an actuarial experience study shall
19 submit to the board a copy of the actuarial experience study before
20 the 31st day after the date of the study's adoption.

21 (c) This section does not apply to the Employees Retirement
22 System of Texas, the Teacher Retirement System of Texas, the Texas
23 County and District Retirement System, the Texas Municipal
24 Retirement System, or the Judicial Retirement System of Texas Plan
25 Two.

26 SECTION 8. Section 802.102, Government Code, is amended to
27 read as follows:

1 Sec. 802.102. AUDIT. The governing body of a public
2 retirement system shall have the accounts of the system audited at
3 least annually by a certified public accountant in accordance with
4 generally accepted auditing standards. A general audit of a
5 governmental entity, as defined by Section 802.1012, does not
6 satisfy the requirement of this section.

7 SECTION 9. Section 802.103, Government Code, is amended by
8 adding Subsection (d) to read as follows:

9 (d) A general audit of a governmental entity, as defined by
10 Section 802.1012, does not satisfy the requirement of this section.

11 SECTION 10. Section 802.106(h), Government Code, is amended
12 to read as follows:

13 (h) A public retirement system shall submit to the board
14 [~~State Pension Review Board~~] copies of the summarized information
15 required by Subsections (a) and (b) [~~. A system shall submit a copy~~
16 ~~of the information required by Subsection (a)] before the 31st day
17 after the date of publication or [~~and a copy of the information~~
18 ~~required by Subsection (b) before the 271st day after~~] the date a
19 change is adopted, as appropriate.~~

20 SECTION 11. Section 802.103(c), Government Code, is
21 repealed.

22 SECTION 12. (a) The change in law made by this Act to
23 Section 801.1021, Government Code, regarding prohibitions on
24 members of the State Pension Review Board does not affect the
25 entitlement of a member serving on the board immediately before
26 September 1, 2013, to continue to serve and function as a member of
27 the board for the remainder of the member's term. The change in law

1 made to that section applies only to a member appointed on or after
2 September 1, 2013.

3 (b) Section 802.1014, Government Code, as added by this Act,
4 applies only to an actuarial experience study conducted on or after
5 the effective date of this Act. An actuarial experience study
6 conducted before the effective date of this Act is governed by the
7 law in effect immediately before that date, and that law is
8 continued in effect for that purpose.

9 (c) Section 802.102, Government Code, as amended by this
10 Act, is intended to clarify existing law with respect to the audit
11 required by that section.

12 (d) Section 802.103(d), Government Code, as added by this
13 Act, is intended to clarify existing law with respect to the annual
14 financial report required by Section 802.103, Government Code.

15 (e) Section 802.106(h), Government Code, as amended by this
16 Act, applies only to a change in statutes or ordinances governing a
17 retirement system described by Section 802.106(b), Government
18 Code, that is adopted on or after the effective date of this Act. A
19 change in statutes or ordinances that is adopted before the
20 effective date of this Act is governed by the law in effect
21 immediately before that date, and that law is continued in effect
22 for that purpose.

23 SECTION 13. This Act takes effect September 1, 2013.