

By: Patrick, Nichols

S.B. No. 200

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the State Pension Review Board.

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

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

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

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

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

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

(3) uses or receives a substantial amount of tangible goods, services, or funds from the board, other than compensation or reimbursement authorized by law for board membership, 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

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

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

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

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

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

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

SECTION 8. Section 802.102, Government Code, is amended to 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.