

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 13, 2017

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB253 by Taylor, Van (Relating to investment prohibitions and divestment requirements for certain investments of public money.), **As Introduced**

Depending upon the difference in returns for investments affected by the bill and returns for investments which would replace them, there could be an indeterminate fiscal impact to the state.

The bill would amend the Government Code to transfer and re-designate Chapter 806, regarding prohibition on investments in Sudan, as Chapter 2270, regarding prohibition on investing public money in certain investments. The bill would repeal Chapter 807, regarding prohibition on investments in Iran, and transfer prohibitions and requirements related to divestment of assets to Chapter 2270, as well as transfer powers, duties, and functions of the Pension Review Board under Chapter 807 to the Comptroller of Public Accounts (Comptroller). The bill would expand prohibitions on the investment of public money to include companies with certain business operations with designated foreign terrorist organizations (FTOs).

The bill would apply to entities subject to the Public Funds Investment Act (Chapter 2256), the Employee Retirement System (ERS), the Teacher Retirement System (TRS), and the Comptroller with respect to the investment of state funds.

The bill would require the Comptroller to maintain a list of foreign organizations designated by the Comptroller as foreign terrorist organizations; the initial list would be due not later than September 1, 2017. The Comptroller shall update the list annually but not more often than quarterly. The bill would expand requirements for the Comptroller to maintain a list of scrutinized companies with certain business operations in Sudan, to additionally include scrutinized companies with certain business operations in Iran and with a designated foreign terrorist organization. The initial list of scrutinized companies would be due not later than October 1, 2017 and would be updated annually but not more often than quarterly.

Chapter 2270 would expire on September 1, 2037. The bill would take effect immediately upon receipt of a two-thirds vote of all members elected to each house; otherwise, the bill would take effect on the 91st day after the last day of the legislative session.

According to the Comptroller, ERS, and TRS, the fiscal impact of the provisions of the bill relating to divestment requirements, cannot be estimated. The Comptroller, ERS, TRS, Pension Review Board and Office of the Attorney General indicate that any costs to implement the provisions of the bill can be absorbed within current resources.

Local Government Impact

According to the Texas Municipal League, the fiscal impact to municipalities it not anticipated to be significant.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 323 Teacher Retirement System, 327 Employees Retirement System, 338 Pension Review Board

LBB Staff: UP, CL, NV, LCO, SD, JGA, JSm, KFa