

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 19, 2017

TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB509 by Huffman (Relating to the evaluation of investment practices and performance of certain public retirement systems.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB509, As Introduced: a negative impact of (\$204,930) through the biennium ending August 31, 2019.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$102,465)
2019	(\$102,465)
2020	(\$102,465)
2021	(\$102,465)
2022	(\$102,465)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1
2018	(\$102,465)
2019	(\$102,465)
2020	(\$102,465)
2021	(\$102,465)
2022	(\$102,465)

Fiscal Analysis

The bill would amend the Government Code requiring certain public retirement systems to hire an independent firm to evaluate the retirement system's investment practices. A retirement system that has a book value of \$100 million on the last day of the fiscal year would perform an evaluation every two years. A retirement system that has a book value of less than \$100 million on

the last day of the fiscal year would perform an evaluation every 5 years. The bill excludes statewide public retirement systems from this requirement.

No later than the 45th day after the first day of the public retirement's fiscal year the governing body of the retirement system would submit an annual investment performance report.

No later than February 1 of each year the Pension Review Board would submit a comprehensive investment report to the governor, the lieutenant governor, the speaker of the house, and the legislative committees having principal jurisdiction over public retirement systems.

Methodology

The Pension Review Board (PRB) estimates it would need one Investment Analyst II at \$75,000 per year in salary and \$27,465 per year in benefits to implement the provisions of the bill. According to information provided by PRB, the agency does not currently have staff that are experts on retirement investments.

Local Government Impact

According to the Texas Municipal Retirement Systems, no local fiscal impact is anticipated.

Source Agencies: 338 Pension Review Board

LBB Staff: UP, AG, GG, BM, NV, KFa