

## **BILL ANALYSIS**

H.B. 2820  
By: Flynn  
Pensions, Investments & Financial Services  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

It has been suggested that the Teacher Retirement System of Texas (TRS) regulation of certain investment products offered to teachers and other public school employees duplicates existing state and federal regulation of these products and that TRS, having limited resources to comply with regulation requirements, often turns to other state agencies and private entities for assistance. H.B. 2820 seeks to remedy this situation and allow TRS to focus on its core function of monitoring Texas' largest public pension fund by removing TRS's role in the regulation of these products.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B 2820 repeals Vernon's Texas Civil Statutes provisions providing for the Teacher Retirement System of Texas certification of companies offering eligible qualified investment products and the registration of such products, for which an employee of a public school district or open-enrollment charter school may enter into a salary reduction agreement, including provisions relating to the setting and collecting of certification and registration fees.

H.B 2820 amends Vernon's Texas Civil Statutes to revise certain eligibility criteria for a company authorized to offer such products by making the following companies eligible to offer such products:

- an insurance company licensed by the Texas Department of Insurance (TDI) that is in compliance with minimum capital and surplus requirements, including applicable risk-based capital and surplus requirements prescribed by rules adopted by TDI, and has experience in providing such products and a specialized department dedicated to the service of such products, as determined by the educational institution; and
- a company that offers qualified investment products other than annuity contracts, including a company that offers certain custodial accounts under the federal Internal Revenue Code of 1986.

H.B. 2820 changes the conditions under which an authorized financial institution may enter into or renew a contract to provide services for or administer an applicable plan offered under the federal Internal Revenue Code of 1986 from the institution having its main office, a branch office, or a trust office in Texas to the institution having a sufficient presence in Texas to serve

the employees of educational institutions who participate in the plan.

H.B. 2820 amends the Business & Commerce Code to make a conforming change.

H.B. 2820 repeals the following provisions of Chapter 22 (S.B. 17), Acts of the 57th Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's Texas Civil Statutes):

- Sections 5(b), (c), (d), and (e)
- Sections 6(c), (d), (d-1), (d-2), (e), (f), (f-1), (g), (h), and (i)
- Section 7
- Section 8
- Section 8A
- Section 11(b)
- Section 13

**EFFECTIVE DATE**

September 1, 2019.