

By: Lambert

H.B. No. 3474

A BILL TO BE ENTITLED

AN ACT

relating to the evaluation and reporting of investment practices
and performance of certain public retirement systems.

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

SECTION 1. Section 802.109, Government Code, is amended by
amending Subsections (d), (e), (e-1), (f), and (g) and adding
Subsections (d-1) and (d-2) to read as follows:

(d) The Pension Review Board shall establish a schedule to
ensure that [A] public retirement systems [shall] conduct the
evaluation described by Subsection (a):

(1) once every three years, if the total assets of the
retirement system are [~~as of the last day of the preceding fiscal
year were~~] at least \$100 million; or

(2) once every six years, if the total assets of the
retirement system are [~~as of the last day of the preceding fiscal
year were~~] at least \$30 million and less than \$100 million.

(d-1) If a public retirement system's total assets increase
in a fiscal year to above the threshold specified in Subsection
(d)(1) or (d)(2), the public retirement system shall complete the
evaluation by the next appropriate due date specified in the
schedule established by the Pension Review Board pursuant to
Subsection (d).

(d-2) A public retirement system that has completed an
evaluation pursuant to the requirements of this Section remains

1 subject to the requirement based on total pension liability and
2 shall complete subsequent evaluations:

3 (1) once every three years, if the total pension
4 liability of the retirement system is at least \$100 million; or

5 (2) once every six years, if the total pension
6 liability of the retirement system is at least \$30 million and less
7 than \$100 million.

8 (e) A public retirement system is not required to conduct
9 the evaluation described by Subsection (a) if the total assets of
10 the retirement system as of the last day of the [~~preceding~~] fiscal
11 year immediately preceding the next evaluation deadline were less
12 than \$30 million.

13 (e-1) An [~~Not later than the 30th day after the date an~~]
14 independent firm that completes an evaluation described by
15 Subsection (a) [~~, the independent firm~~] shall:

16 (1) submit to the public retirement system for
17 purposes of discussion and clarification a substantially completed
18 preliminary draft of the evaluation report; and

19 (2) request in writing that the system [~~, on or before~~
20 ~~the 30th day after the date the system receives the preliminary~~
21 ~~draft,~~] submit to the firm:

22 (A) a description of any action taken or expected
23 to be taken in response to a recommendation made in the evaluation;
24 and

25 (B) any written response of the system that the
26 system wants to accompany the final evaluation report.

27 (f) The independent firm shall file the final evaluation

1 report, including the evaluation results and any response received
2 from the public retirement system, with the governing body of the
3 system[+]

4 ~~[(1) not earlier than the 31st day after the date on~~
5 ~~which the preliminary draft is submitted to the system; and~~

6 ~~(2) not later than the later of:~~

7 ~~(A) the 60th day after the date on which the~~
8 ~~preliminary draft is submitted to the system; or~~

9 ~~(B) May 1 in the year following the year in which~~
10 ~~the system is evaluated under Subsection (a)].~~

11 (g) The ~~[Not later than the 31st day after the date the]~~
12 governing body of a public retirement system that receives a report
13 of an evaluation under this section~~[, the governing body]~~ shall
14 submit the report to the board.

15 (h) A governmental entity that is the employer of active
16 members of a public retirement system evaluated under Subsection
17 (a) may pay all or part of the costs of the evaluation. The public
18 retirement system shall pay any remaining unpaid costs of the
19 evaluation.

20 (i) The board shall submit an investment performance report
21 to the governor, the lieutenant governor, the speaker of the house
22 of representatives, and the legislative committees having
23 principal jurisdiction over legislation governing public
24 retirement systems in the biennial report required by Section
25 801.203. The report must compile and summarize the information
26 received under this section by the board during the preceding two
27 fiscal years.

1 (j) Repealed by Acts 2021, 87th Leg., R.S., Ch. 141
2 (H.B. 1585), Sec. 20(1), eff. May 26, 2021.

3 (k) The following reports may be used by the applicable
4 public retirement systems to satisfy the requirement for a report
5 of an evaluation under this section:

6 (1) an investment report under Section 10A, Article
7 6243g-4, Revised Statutes;

8 (2) an investment report under Section 2D, Chapter 88
9 (H.B. 1573), Acts of the 77th Legislature, Regular Session, 2001
10 (Article 6243h, Vernon's Texas Civil Statutes); and

11 (3) a report on a review conducted on the retirement
12 system's investments under Section 2B, Article 6243e.2(1), Revised
13 Statutes.

14 (l) The board may adopt rules necessary to implement this
15 section.

16 SECTION 2. Notwithstanding Section 802.109(d), Government
17 Code, as added by this Act, a report of the first evaluation of a
18 public retirement system, as required by Section 802.109,
19 Government Code, as amended by this Act, must be filed with the
20 Pension Review Board not later than September 1, 2026.

21 SECTION 3. The Pension Review Board shall establish the
22 schedule required by Section 802.109(d), Government Code, as
23 amended by this Act, not later than January 1, 2026.

24 SECTION 4. This Act takes effect September 1, 2025.