

1-1 By: Lambert, et al. (Senate Sponsor - Huffman) H.B. No. 3474  
1-2 (In the Senate - Received from the House May 6, 2025;  
1-3 May 7, 2025, read first time and referred to Committee on Finance;  
1-4 May 14, 2025, reported favorably by the following vote: Yeas 15,  
1-5 Nays 0; May 14, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	Huffman	X		
1-9	Hinojosa of Hidalgo	X		
1-10	Alvarado	X		
1-11	Bettencourt	X		
1-12	Campbell	X		
1-13	Creighton	X		
1-14	Flores	X		
1-15	Hall	X		
1-16	Kolkhorst	X		
1-17	Nichols	X		
1-18	Paxton	X		
1-19	Perry	X		
1-20	Schwertner	X		
1-21	West	X		
1-22	Zaffirini	X		

1-23 A BILL TO BE ENTITLED  
1-24 AN ACT

1-25 relating to the evaluation and reporting of investment practices  
1-26 and performance of certain public retirement systems.

1-27 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-28 SECTION 1. Section 802.109, Government Code, is amended by  
1-29 amending Subsections (d), (e), (e-1), (f), and (g) and adding  
1-30 Subsections (d-1), (d-2), and (j) to read as follows:

1-31 (d) In accordance with a schedule of deadlines prescribed by  
1-32 the board and except as provided by Subsection (e), a [A] public  
1-33 retirement system shall conduct an [the] evaluation under  
1-34 [described by] Subsection (a):

1-35 (1) once every three years, if the total assets of the  
1-36 retirement system as of the date [last day] of the preceding  
1-37 evaluation [fiscal year] were at least \$100 million; or

1-38 (2) subject to Subsection (d-1), once every six years,  
1-39 if the total assets of the retirement system as of the date [last  
1-40 day] of the preceding evaluation [fiscal year] were at least \$30  
1-41 million and less than \$100 million.

1-42 (d-1) If a public retirement system is conducting  
1-43 evaluations every six years as required by Subsection (d)(2) and  
1-44 the system's total pension liability increases to at least \$100  
1-45 million during a fiscal year, the system shall complete the next  
1-46 evaluation under Subsection (a) by the next appropriate deadline,  
1-47 as determined by the board, under the evaluation schedule.

1-48 (d-2) Subject to Subsection (d-1) and except as provided by  
1-49 Subsection (e), a public retirement system subject to an evaluation  
1-50 requirement under Subsection (d)(1) or (2) remains subject to that  
1-51 same requirement unless both the total assets and the total pension  
1-52 liability of the system decrease to an amount that is below the  
1-53 minimum amount prescribed by the applicable requirement.

1-54 (e) A public retirement system is not required to conduct an  
1-55 [the] evaluation under [described by] Subsection (a) if the total  
1-56 assets of the retirement system were less than \$30 million as of the  
1-57 last day of the [preceding] fiscal year immediately preceding the  
1-58 next evaluation deadline under the evaluation schedule [were less  
1-59 than \$30 million].

1-60 (e-1) An [Not later than the 30th day after the date an]  
1-61 independent firm that completes an evaluation described by

Subsection (a) ~~[, the independent firm]~~ shall:

(1) submit to the public retirement system for purposes of discussion and clarification a substantially completed ~~[preliminary]~~ draft of the evaluation report; and

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

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

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

(f) The independent firm shall file the final evaluation report, including the evaluation results and any response received from the public retirement system, with the governing body of the system ~~[+]~~

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

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

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

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

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

(j) In this section:

(1) "Evaluation schedule" means the schedule of deadlines prescribed by the board under Subsection (d).

(2) "Total pension liability" means the portion of the present value of projected retirement benefit payments to be provided through the retirement system to active and inactive members that is attributable to those members' past periods of service, in compliance with Statement No. 68 of the Governmental Accounting Standards Board.

SECTION 2. Not later than January 1, 2026, the State Pension Review Board shall develop the schedule of deadlines required by Section [802.109](#)(d), Government Code, as amended by this Act.

SECTION 3. This Act takes effect September 1, 2025.

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