LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 23, 2025

TO: Honorable Bryan Hughes, Chair, Senate Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB312** by Hughes (Relating to the fiduciary responsibility of the governing body of the public retirement systems in this state and the investment managers and proxy advisors acting on behalf of those systems.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB312, As Introduced: a negative impact of ($602,690) through the biennium ending August 31, 2027.

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***
2026	($386,092)
2027	($216,598)
2028	($216,598)
2029	($216,598)
2030	($216,598)

All Funds, Five-Year Impact:

Fiscal Year	**Probable (Cost) from *General Revenue Fund* 1**	***Change in Number of State Employees from FY 2025***
2026	($386,092)	2.0
2027	($216,598)	2.0
2028	($216,598)	2.0
2029	($216,598)	2.0
2030	($216,598)	2.0

Fiscal Analysis

The bill would amend the Government Code as it relates to administrative requirements of public retirement systems. Under the provisions of the bill, public retirement systems would be required to provide a report to the Pension Review Board on certain investment relationships and another report on proxy voting. The bill would also expand requirements regarding proxy voting on behalf of public retirement systems for investment managers and proxy advisors.

Methodology

According to the Pension Review Board (PRB), the provisions of the bill would require the agency to receive two new annual reports from public retirement systems and make them publicly available on the agency website. The reports would contain detailed proxy voting and investment relationships and may contain large data files.

The agency estimates this would result in the need for 2.0 new FTEs, an Investment Analyst III, at an annual salary of $100,000, and a Program Specialist III, at an annual salary of $65,000. Additional costs would be incurred for equipment and benefits for the FTEs. All of the funds would come from General Revenue.

No significant fiscal impact from implementing the provisions of the bill is anticipated from the Employees Retirement System, the Teacher Retirement System, the Texas Emergency Retirement System, and the Texas Permanent School Fund Corporation.

Technology

According to PRB, an additional $168,084 in General Revenue would be needed in fiscal year 2026 for IT expenditures in order to modify and update the agency's internal databases and obtain necessary licenses and equipment for new employees. The annual cost for licenses in fiscal year 2027 and subsequent years is estimated to be $2,230.

Local Government Impact

According to PRB, local public retirement systems may incur additional costs associated with the new reporting requirements, including providing reports and ensuring compliance with other provisions of the bill.

Source Agencies: 323 Teacher Retirement System, 326 Texas Emergency Services Retirement System, 327 Employees Retirement System, 338 Pension Review Board, 706 Texas Permanent School Fund Corporation

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