



TCDRS 2013 Legislation Summary

TCDRS did not propose any changes to the TCDRS Act for the Texas Legislature's 2013 session. Bills that passed during the legislative session had minimal impact on TCDRS. Summaries of bills monitored during the session are listed below.

Bills that passed during the regular session

Committee Substitute House Bill 13

Sponsors: Rep. Bill Callegari

TCDRS impact: Minimal -- TCDRS is already substantially in compliance with these proposed requirements.

The bill requires that the Pension Review Board (PRB) post reports filed by public retirement systems, adopt model ethical standards and conflict of interest policies, and develop an educational training program for public retirement system trustees and administrators. The bill also requires that individual public retirement systems (including TCDRS) post contact information, annual financial reports, and investment returns and assumptions on their respective websites. Lastly, the PRB is directed to conduct a study of the financial health of public retirement systems in the state. We are awaiting guidelines from the PRB on compliance with the bill.

Senate Bill 200

Sponsors: Sen. Dan Patrick

TCDRS impact: Minimal -- The PRB would provide additional training opportunities for members of public retirement systems, including TCDRS. The training may be provided online or by other innovative technology. The bill also prohibits statewide public retirement systems, including TCDRS, from investing in companies that do business in Iran.

The PRB recently underwent review by the Sunset Commission, and this bill would continue the board's existence until Sept. 1, 2025. This bill also makes a few changes to the PRB's functions, including providing it express authority to develop and conduct training sessions and other educational activities for trustees and administrators of public retirement systems. In addition, the bill removes the two legislative members from the board and reduces the number of board members to seven, all appointed by the governor. SB 200 passed the Senate in early April. The House passed the bill with amendments, which added a prohibition against public retirement systems investing in private entities doing business in Iran, and also added language concerning appeals of benefit decisions issued by a local firefighter system. We are awaiting guidelines from the PRB on compliance with SB 200.

Senate Bill 366

Sponsors: Sen. Larry Taylor

TCDRS impact: None

This bill provides express authority for a political subdivision to establish a 401(k) or 457 plan as a Roth plan. Employees would have the option to open an account and designate all or a portion of it as a Roth (after-tax) contribution. For TCDRS employers, this Roth plan would be an optional deferred compensation plan that it could offer to its employees, but it would be administered directly by the employer.

Bills that didn't pass

House Bill 526/House Bill 973

Sponsor: Rep. Giovanni Capriglione

TCDRS impact: Bills may supersede TCDRS' public information statute (Section 845.115 of the TCDRS Act). If so, TCDRS would be required to obtain an opinion from the Attorney General before we could refuse to release confidential member information.

HB 526 and HB 973 are similar bills with similar impact. Both relate to the confidentiality of information held by a public retirement system, and both would effectively repeal HB 2460. HB 2460 was passed last session by former Pensions, Investments & Financial Services Committee Chair, Rep. Vicki Truitt. HB 2460 provided that all member records of a public retirement system were confidential, and further provided that a retirement system was not required to seek an opinion from the Texas Attorney General to exempt the retirement records from disclosure. In other words, if a public retirement system received a request for information about a member, then the retirement system was not required to seek an Attorney General opinion, but was permitted to tell the requestor that the information was confidential and could not be released. HB 2460 bolstered the public information statute that applies specifically to TCDRS, and made it absolutely clear that these records are confidential and exempt from disclosure.

HB 526 not only repeals those provisions from HB 2460, but it also provides that HB 526 would prevail over any conflicting law concerning the confidential records of a public retirement system. HB 973 has substantially the same impact.

Committee Substitute House Bill 819

Sponsor: Rep. Van Taylor

TCDRS impact: The committee substitute added TCDRS to the list of statewide public retirement systems that are generally prohibited from investing retirement system funds in private entities doing business in Iran.

CSHB 819 contains a few exceptions to the general prohibition, including an exception that a retirement system is not required to divest if the divestment violates its fiduciary responsibilities. The substance of this bill was added to SB 200 as a House amendment.

House Bill 958

Sponsor: Rep. Rob Orr

TCDRS impact: Bill would reduce the interest crediting on all TCDRS funds from 7% to 5%. Rep. Orr decided not to pursue this bill's passage, according to the San Antonio Express-News.

House Bill 1577

Sponsor: Rep. Van Taylor

TCDRS impact: TCDRS would be required to reduce the benefit payments of members who were convicted of an offense related to the performance of a public service. The judge who convicted the member would make the determination of the amount of the benefit reduction and would file the order with TCDRS.

HB 1577 relates to the eligibility for a retirement benefit from a public retirement system (including TCDRS) if the member is convicted of certain offenses related to the member's performance of public service. The bill provides that when a public retirement system member is convicted of such an offense, the judge convicting him or her must make a determination concerning the amount by which the member's benefit is reduced.

House Bill 2432

Sponsor: Rep. Jim Murphy

TCDRS impact: Would likely require that TCDRS obtain a ruling from the Attorney General concerning the release of confidential member information.

HB 2432 directly impacts all public retirement systems in the state. In addition to requiring an Attorney General's ruling on confidential information, the bill also:

- Requires disclosure of certain potential conflicts of interest for board members, investment managers and other persons that provide services to TCDRS under a contract.
- Prohibits the acceptance of certain types of benefits, including food and lodging for conferences outside of Texas.
- Provides civil penalties for non-compliance that would be enforced by the Attorney General.
- Requires documents used in preparing annual financial reports to be retained in compliance with state records retention policy.
- Provides that the Pension Review Board (PRB) adopt guidelines for hiring investment managers. Upon the PRB's request, retirement systems would be required to provide a statement detailing the system's method of investment manager selection, as well as investment manager fees.

House Bill 2444

Sponsor: Rep. Bill Callegari

TCDRS impact: The bill will clarify how state public information laws apply to public retirement systems, and will maintain the confidential status of TCDRS member data. HB 2444 concerns confidential member information held by a public retirement system in the state. A committee substitute bill, which clarifies the protection of confidential member data while allowing access to aggregate data, passed out of committee.