

1-1 By: Huffman, Bettencourt, Schwertner S.B. No. 936
 1-2 (In the Senate - Filed February 16, 2017; March 1, 2017,
 1-3 read first time and referred to Committee on State Affairs;
 1-4 March 21, 2017, reported favorably by the following vote: Yeas 9,
 1-5 Nays 0; March 21, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the creation of a joint interim committee to undertake a
 1-20 study of the public retirement systems of this state.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. DEFINITION. In this Act, "public retirement
 1-23 system" has the meaning assigned by Section 802.001, Government
 1-24 Code.

1-25 SECTION 2. CREATION OF JOINT INTERIM COMMITTEE. (a) A
 1-26 joint interim committee is created to study and assess each public
 1-27 retirement system of this state and report on the issues described
 1-28 by Section 3 of this Act.

1-29 (b) The joint interim committee shall be composed of three
 1-30 senators appointed by the lieutenant governor and three members of
 1-31 the house of representatives appointed by the speaker of the house
 1-32 of representatives.

1-33 (c) The lieutenant governor and speaker of the house of
 1-34 representatives shall each designate a co-chair from among the
 1-35 joint interim committee members.

1-36 (d) The joint interim committee shall convene at the joint
 1-37 call of the co-chairs.

1-38 (e) The joint interim committee has all other powers and
 1-39 duties provided to a special or select committee by the rules of the
 1-40 senate and house of representatives, by Subchapter B, Chapter 301,
 1-41 Government Code, and by policies of the senate and house committees
 1-42 on administration.

1-43 SECTION 3. INTERIM STUDY REGARDING PUBLIC RETIREMENT
 1-44 SYSTEMS. The joint interim committee created by Section 2 of this
 1-45 Act shall:

1-46 (1) review and assess:

1-47 (A) the different types of retirement system
 1-48 plans, including:

- 1-49 (i) defined contribution plans;
- 1-50 (ii) defined benefit plans;
- 1-51 (iii) hybrid public pension plans; and
- 1-52 (iv) cash balance pension plans;

1-53 (B) the actuarial assumptions used in making
 1-54 actuarial valuations and analyses of public retirement systems and
 1-55 the consequences of amending an assumption rate; and

1-56 (C) the effect that local agreements, including
 1-57 meet and confer agreements, have on the sustainability of this
 1-58 state's public retirement systems;

1-59 (2) study:

1-60 (A) the potential for allowing public retirement
 1-61 systems to pool their assets for the purposes of taking advantage of

2-1 economies of scale and reducing costs; and
2-2 (B) the governance policies of this state's
2-3 public retirement systems and the effect of imposing more formal
2-4 requirements on governance, including a requirement that the
2-5 retirement systems and their associated governmental entities
2-6 jointly develop written funding, investment, and benefits policies
2-7 that have goals and objectives that reference one another, are
2-8 coordinated, and promote transparency;

2-9 (3) consider enhancing fee disclosures, specifically
2-10 the disclosure of fees that are related to alternative investment
2-11 vehicles;

2-12 (4) consider requiring:

2-13 (A) additional actuarial analyses, including a
2-14 discount rate sensitivity analysis and risk assessments; and

2-15 (B) additional disclosures, including disclosure
2-16 of:

2-17 (i) the sustained differences between the
2-18 actual and assumed rate of return on assets;

2-19 (ii) projected cash flows;

2-20 (iii) risks; and

2-21 (iv) the potential impact of actual future
2-22 measurements differing significantly from expected future
2-23 measurements; and

2-24 (5) study the public retirement systems' valuation
2-25 methodology for the illiquid asset class, including the
2-26 effectiveness of and compliance with the fair value measurement
2-27 requirement under the Governmental Accounting Standards Board
2-28 Statement No. 72.

2-29 SECTION 4. COMMITTEE FINDINGS AND RECOMMENDATIONS.

2-30 (a) Not later than January 15, 2019, the joint interim committee
2-31 shall report the committee's findings and recommendations to the
2-32 lieutenant governor, the speaker of the house of representatives,
2-33 and the governor. The joint interim committee shall include in its
2-34 recommendations specific statutory and regulatory changes that
2-35 appear necessary from the results of the committee's study under
2-36 Section 3 of this Act.

2-37 (b) Not later than the 60th day after the effective date of
2-38 this Act, the lieutenant governor and the speaker of the house of
2-39 representatives shall appoint the members of the joint interim
2-40 committee created under Section 2 of this Act in accordance with
2-41 that section.

2-42 SECTION 5. ABOLITION OF COMMITTEE. The joint interim
2-43 committee created by this Act is abolished and this Act expires
2-44 January 20, 2019.

2-45 SECTION 6. EFFECTIVE DATE. This Act takes effect
2-46 immediately if it receives a vote of two-thirds of all the members
2-47 elected to each house, as provided by Section 39, Article III, Texas
2-48 Constitution. If this Act does not receive the vote necessary for
2-49 immediate effect, this Act takes effect September 1, 2017.

2-50 * * * * *