

BILL ANALYSIS

C.S.H.B. 2649
By: Flynn
Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that public pension plans often contract for investment consulting. There are concerns that funds allocated to contracts seemed to be greater than necessary, especially in the case of plans that were not actuarially sound. C.S.H.B. 2649 seeks to address this concern by providing for greater transparency regarding the commissions and fees paid by a public retirement system to outside consultants other than investment managers.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2649 amends the Government Code to require the annual financial report published by the governing body of a public retirement system to include a statement that details the commissions and fees paid by a public retirement system to outside consultants other than investment managers during the fiscal year. The bill requires the State Pension Review Board and the governing body of a retirement system to post such a statement on their respective websites.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2649 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute limits the outside consultants whose commissions and fees paid by a public retirement system must be included in the applicable annual financial report to consultants other than investment managers.