

BILL ANALYSIS

Senate Research Center
2001S0263/1

S.B. 606
By: Sibley
Education
4/24/2001
As Filed

DIGEST AND PURPOSE

Currently, employees of certain political subdivisions, including public schools, may participate in tax-sheltered annuity programs governed by Section 403(b) of the Internal Revenue Code. However, changes in state and federal law over the past few years have added complexities to the offering and administration of annuity programs. As proposed, S.B. 606 amends current statute to allow educators and school districts to protect consumers and control the quality of vendors, to ensure that vendors are selling plans that comply with federal and state laws, and to protect school districts by allowing some district oversight of the plans.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1, Chapter 22, Acts of the 57th Legislature, 3rd Called Session, 1962, as amended by Section 8, Chapter 1340, Acts of the 75th Legislature, Regular Session, 1997, to add the boards of trustees of school districts, the Texas School for the Blind and Visually Impaired and certain political subdivisions to the list of entities to which this section and Section 2 of this Act apply. Deletes wording relating to the Local Boards of Education of the Public Schools of this State. Authorizes a governmental entity covered by this section to enter into agreements with its employees for the purchase of annuities or for contributions to any type of investment for its employees as authorized in Section 403(b) of the Internal Revenue Code of 1986, including subsequent amendments of that law, rather than the Internal Revenue Code of 1954, as it existed on January 1, 1981.

SECTION 2. Amends Section 2, Chapter 22, Acts of the 57th Legislature, 3rd Called Session, 1962, to authorize the comptroller or the governing board of an employee's governmental entity to approve, with the input of employees, a list of agents, brokers, or companies through which an annuity or investment is to be purchased and whose annuity or investment product meets the requirements of Section 403(b) of the Internal Revenue Code of 1986, including subsequent amendments of that law. Requires the employee, if the comptroller or governing board has approved a list under this section, to designate the agent, broker, or company from the applicable list for an annuity or investment purchased after January 1, 2002. Makes conforming changes.

SECTION 3. Repealer: Section 1, Chapter 22, Acts of the 57th Legislature, 3rd Called Session, 1962, as amended by Section 7, Chapter 1341, Acts of the 75th Legislature, Regular Session, 1997.

SECTION 4. Effective date: September 1, 2001.