



Legislative UPDATE

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PFIA Training Reduction Legislation: Close, But No Cigar?

Prior to the 2015 legislative session, the Public Funds Investment Act (PFIA) required a city's chief financial officer and investment officer to take investment training consisting of: (1) 10 hours of investment training within 12 months after taking office or assuming duties; and (2) 10 hours of investment training once every two years thereafter.

In 2015, two bills passed that alter the "continuing" investment requirement described by (2), above:

- **H.B. 870** (Smith/Seliger) reduces the amount of PFIA training hours for city and school district finance and investment officers from ten hours every two years to eight hours every two years. (Note: city finance and investment officers must still initially receive ten hours of training within 12 months after taking office or assuming investment duties.)
- **H.B. 1148** (Kacal/Schwertner) provides that a city investment officer must take only the initial 10 hour training under the PFIA but no continuing investment training if the city: (1) does not invest city funds; or (2) only deposits city funds in interest-bearing deposit accounts or certificates of deposit.

In spite of the clear intent behind this legislation, the bills were drafted in such a way that arguably precludes H.B. 1148 from achieving its stated purpose. When H.B. 870 passed, the continuing training requirement for cities was effectively moved to a different subsection of the statute. Meanwhile, H.B. 1148 makes reference to the *previous* statutory location of the continuing training requirement before the passage of H.B. 870, rather than the new location of the requirement as amended by H.B. 870.

Because the applicability of H.B. 870 is clear, the safest reading of the statute is that all city finance and investment officers, regardless of the amount and type of city investments, must receive the initial ten hours of PFIA training, and then eight hours of continuing training every

two years after that. The end result is that cities that otherwise would be exempt from continuing PFIA training pursuant to H.B. 1148 may still need to receive continuing training until the statute is clarified by the legislature. League staff will work with the author of H.B. 1148 to fix the inadvertent result next session.

Affordable Care Act: **Must-Know Dates for IRS Regulatory Reporting Compliance**

Deadlines are approaching for filing 2015 calendar year forms

Now is the time for employers to file the required forms to the Internal Revenue Service (IRS) documenting your city's 2015 employee health coverage.

Under the new regulations, employers must compile monthly information on full-time employees and their health coverage, and report this information at the end of each year to the IRS and to full-time employees. The first reports must be submitted in early 2016, based on your city's 2015 health coverage:

- **January 31, 2016:** Deadline for distributing paper or electronic individual transmittals. If you distribute them electronically, be sure to get a consent for electronic submission from each employee.
- **February 28, 2016:** IRS Aggregate Paper Filing.
- **March 31, 2016:** IRS Aggregate Electronic Filing.

(Note: Because January 31 and February 28 are on Sundays, you can file on the next business day.)

Requirements differ for small and large employers

IRS regulatory reporting compliance requirements differ for small employers (Non-ALE) and applicable large employers (ALE). An ALE has 50 or more full-time, or full-time equivalent, employees based on the preceding calendar year's employee demographics. Full-time employees are employed at least 30 hours a week.

TML MultiState IEBP has created a handy chart to help you understand IRS definitions, requirements, and sections 6055 and 6056 filing paths for Non-ALE and ALE employers. You'll find it here: <http://iebp.org/documents/RegulatoryA.pdf>

File on time and avoid IRS penalties

The IRS imposes penalties for failure to complete and submit required forms on time. The penalties are typically \$100 per return, with a maximum of \$1.5 million. The penalties apply separately to reporting under sections 6055 and 6056.

The IRS may waive penalties if employers show documented good faith effort to file accurately and on time, or the failure to file is due to reasonable cause, rather than willful neglect.

Learn more about IRS penalties here: <http://iebp.org/documents/RegulatoryB.pdf>

Get support and guidance from TML MultiState IEBP

TML MultiState IEBP offers a comprehensive regulatory reporting solution that can help ensure you accurately complete and submit the proper IRS forms to meet the filing requirements and deadlines.

To learn how you can streamline your filing process, contact TML MultiState IEBP at 1-800-348-7879.

Texas Ethics Commission Proposes New Rules

As reported in previous editions of the *Legislative Update*, the Texas Ethics Commission is seeking comments on [proposed rules](#) to implement new requirements under [H.B. 1295](#). The bill imposes new vendor disclosure requirements on city contracts.

Since the passage of H.B. 1295, the League has been concerned about its effect on city contracts. All of the correspondence related to the bill is available [here](#).

Member cities are urged to: (1) file comments with the commission by November 26, 2015, by email to public_comment@ethics.state.tx.us or mail to Natalia Luna Ashley, Texas Ethics Commission, P.O. Box 12070, Austin, Texas, 78711-2070; and/or (2) communicate issues and concerns to Christy Drake-Adams, TML legal counsel, at Christy@tml.org so that she can coordinate efforts in this process.

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