



March 28, 2023

The Honorable Giovanni Capriglione  
Chair, House Committee on Pensions, Investments & Financial Services  
Texas House of Representatives

Dear Chairman Capriglione,

On behalf of the Greater Houston Partnership, representing the business community of the city of Houston and the 12-county Houston region, we respectfully write in opposition to House Bill 3340.

House Bill 3340 has the potential of tampering with the historic and successful City of Houston pension reforms passed by the Texas Legislature in 2017. During the 85<sup>th</sup> Legislative Session, Senator Joan Huffman authored legislation to address the City of Houston's unfunded pension liability, which had grown to \$8.2 billion. Prior to this reform, Houston's general obligation debt rating had been downgraded by both Moody's and Standard and Poor's in 2016, with both agencies maintaining a "negative" outlook and citing to the city's pension expenses as a major contributing factor.

The Greater Houston Partnership took on reforming the city's pension system as its top priority, working with Mayor Sylvester Turner, Senator Joan Huffman, City Controller Chris Brown, and countless others to responsibly improve our city's finances and long-term fiscal health. More than two-thirds of both chambers supported legislation enabling Houston to address its unfunded pension debt. Today, that liability is down to \$2.2 billion a year. From a financial reform perspective, this is an incredible improvement over just five years.

House Bill 3340 seeks to undo the underlying measures of these reforms. Even small changes to the reforms can result in significant, unintentional financial consequences to the City of Houston's pension systems. As we saw leading up to 2017, even minor changes to benefit increases and employee eligibility requirements can result in billions of dollars of financial impacts for decades.

The 2017 reforms put in place a system which would ensure the pension reform plans would be fully funded and House Bill 3340 has the potential to undo this stability. The reforms are working—the reform package has provided certainty to pensioners, predictability to the City's long-term liability, and the downside effect of the City's unfunded liability has been greatly mitigated. Now is not the time to make changes to a system that is working.

We respectfully urge you to oppose House Bill 3340.

Sincerely,

Bob Harvey  
President & CEO