

By: Leach

H.B. No. 3775

A BILL TO BE ENTITLED

AN ACT

relating to severance pay for political subdivision employees and independent contractors.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 180, Local Government Code, is amended by adding Section 180.008 to read as follows:

Sec. 180.008. LIMITATION ON SEVERANCE PAY FOR EMPLOYEES AND INDEPENDENT CONTRACTORS. (a) A political subdivision may not, as part of a severance package or as part of any other agreement or settlement made in relation to the termination of a person's employment or contract as an independent contractor, make a payment to an employee or independent contractor if:

(1) the payment would:

(A) be paid from tax revenue; and

(B) exceed the amount of compensation, at the rate at the termination of employment or the contract, the employee or independent contractor would have been paid for 20 weeks; or

(2) the employee or independent contractor was terminated for misconduct.

(b) A political subdivision shall post each severance agreement in a prominent place on the political subdivision's Internet website.

SECTION 2. Section 180.008, Local Government Code, as added by this Act, applies only to a contract entered into on or after the

1 effective date of this Act.

2 SECTION 3. This Act takes effect September 1, 2021.