

By: Leach

H.B. No. 1738

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 180.011 to read as follows:

Sec. 180.011. LIMITATION ON SEVERANCE PAY FOR EMPLOYEES AND INDEPENDENT CONTRACTORS. (a) In this section, "misconduct" means an act or omission by an employee or contractor of a political subdivision in the performance of the employee's or contractor's duties that the governing body of the political subdivision determines to be misconduct. The term includes any finding of criminal conduct.

(b) This section does not apply to a public or teaching hospital.

(c) 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

1 or independent contractor would have been paid for 20 weeks,
2 excluding paid time off or accrued vacation leave; or

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

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

8 SECTION 2. Section 180.011, Local Government Code, as added
9 by this Act, applies only to a contract entered into on or after the
10 effective date of this Act.

11 SECTION 3. This Act takes effect September 1, 2023.