

AN ACT

relating to increasing state employee participation in the TexaSaver program.

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

SECTION 1. Section 609.006(a), Government Code, is amended to read as follows:

(a) A deferred compensation plan must conform to federal law to provide that deferred amounts and investment income are not includable, for federal income tax purposes, in the gross income of a participating employee until distributed to the employee, subject to the employee's option to designate all or a portion of deferred amounts as Roth contributions under Section 609.5021, the federal income tax treatment of which is governed by Section 402A, Internal Revenue Code of 1986.

SECTION 2. Subchapter C, Chapter 609, Government Code, is amended by adding Section 609.5021 to read as follows:

Sec. 609.5021. ROTH CONTRIBUTION PROGRAMS. The board of trustees may:

(1) establish a qualified Roth contribution program in accordance with Section 402A, Internal Revenue Code of 1986, under which an employee may designate all or a portion of the employee's contribution under a 401(k) plan as a Roth contribution at the time the contribution is made; and

(2) if authorized by federal law, establish a program

1 in accordance with the applicable federal law under which an
2 employee may designate all or a portion of the employee's
3 contribution under a 457 plan as a Roth contribution at the time the
4 contribution is made.

5 SECTION 3. Section 609.5025(d), Government Code, is amended
6 to read as follows:

7 (d) At any time, an employee participating in a 401(k) plan
8 under this section may, in accordance with rules adopted by the
9 board of trustees, elect to end participation in the 401(k) plan, to
10 contribute to a different investment product, ~~or~~ to contribute a
11 different amount to the plan, or to designate all or a portion of
12 the employee's contribution as a Roth contribution subject to the
13 availability of a Roth contribution program under Section 609.5021.

14 SECTION 4. Subchapter C, Chapter 609, Government Code, is
15 amended by adding Section 609.5026 to read as follows:

16 Sec. 609.5026. STATE MATCHING CONTRIBUTIONS. Subject to a
17 separate legislative appropriation for that purpose, the Employees
18 Retirement System of Texas may make matching contributions to a
19 401(k) plan on behalf of employees participating in the plan solely
20 from, and in an amount specified by, the appropriation.

21 SECTION 5. This Act takes effect September 1, 2009.

President of the Senate

Speaker of the House

I certify that H.B. No. 2283 was passed by the House on April 30, 2009, by the following vote: Yeas 128, Nays 1, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2283 on May 23, 2009, by the following vote: Yeas 144, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2283 was passed by the Senate, with amendments, on May 19, 2009, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor