

By: Truitt

H.B. No. 2283

A BILL TO BE ENTITLED

AN ACT

1
2 relating to increasing state employee participation in the
3 TexaSaver program.

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

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

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

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

17 Sec. 609.5021. ROTH CONTRIBUTION PROGRAMS. The board of
18 trustees shall:

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

24 (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. Sections 609.5025(c) and (d), Government Code,
6 are amended to read as follows:

7 (c) An employee participating in a 401(k) plan under this
8 section makes a contribution [~~of one percent of the compensation~~
9 ~~earned by the employee~~] to a default investment product selected by
10 the board of trustees based on the criteria established under
11 Section 609.505(d) and the rules adopted under Subsection (f).
12 Subject to Subsection (d), the employee contributes one percent of
13 the employee's compensation in the employee's first year of
14 participation, and that contribution amount increases by an
15 additional one percent in each succeeding year of participation
16 until the employee's total annual contribution equals five percent
17 of the employee's compensation. The contribution is made by
18 automatic payroll deduction.

19 (d) At any time, an employee participating in a 401(k) plan
20 under this section may, in accordance with rules adopted by the
21 board of trustees, elect to end participation in the 401(k) plan, to
22 contribute to a different investment product, [~~or~~] to contribute a
23 different amount to the plan, or to designate all or a portion of
24 the employee's contribution as a Roth contribution under Section
25 609.5021.

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

1 Sec. 609.5026. STATE MATCHING CONTRIBUTIONS. (a) Except
2 as provided by Subsection (b) and subject to legislative
3 appropriation, the Employees Retirement System of Texas may make
4 matching contributions to a 401(k) plan on behalf of employees
5 participating in the plan in an amount specified in the
6 appropriation.

7 (b) The Employees Retirement System of Texas may only make a
8 contribution under this section if the retirement system:

9 (1) receives amounts sufficient to cover normal cost;
10 and

11 (2) maintains a funded ratio equal to or greater than
12 90 percent.

13 SECTION 5. Section 4, Chapter 1409 (H.B. 957), Acts of the
14 80th Legislature, Regular Session, 2007, is repealed.

15 SECTION 6. The Employees Retirement System of Texas shall
16 adopt rules to implement Section 609.5025(c), Government Code, as
17 amended by this Act, as soon as practicable after the effective date
18 of this Act, but not later than August 31, 2010.

19 SECTION 7. Section 609.5025(c), Government Code, as amended
20 by this Act, applies to an employee of a state agency regardless of
21 the date on which the employee begins employment. For an employee
22 who began employment before the effective date of this Act,
23 automatic participation in or increased contributions to a 401(k)
24 plan under Section 609.5025(c), Government Code, begins as soon as
25 practicable after the effective date of this Act, but not later than
26 August 31, 2010, subject to the employee's option to elect not to
27 participate or to contribute a different amount to the plan.

1 SECTION 8. This Act takes effect September 1, 2009.