1-1 By: Taylor   S.B. No. 366
1-2   (In the Senate - Filed February 4, 2013; February 11, 2013,
1-3 read first time and referred to Committee on State Affairs;
1-4 March 13, 2013, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; March 13, 2013,
1-6 sent to printer.)

1-7   COMMITTEE VOTE

1-8		Yea	Nay	Absent	PNV
1-9	Duncan	X			
1-10	Deuell	X			
1-11	Ellis	X			
1-12	Fraser	X			
1-13	Huffman	X			
1-14	Lucio	X			
1-15	Nichols	X			
1-16	Van de Putte	X			
1-17	Williams	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 366   By: Deuell

1-19   A BILL TO BE ENTITLED
1-20   AN ACT

1-21 relating to the authority of political subdivisions to offer
1-22 certain deferred compensation plans to employees.
1-23   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-24   SECTION 1. Subsection (a), Section 609.006, Government
1-25 Code, is amended to read as follows:
1-26   (a) A deferred compensation plan must conform to federal law
1-27 to provide that deferred amounts and investment income are not
1-28 includable, for federal income tax purposes, in the gross income of
1-29 a participating employee until distributed to the employee, subject
1-30 to the employee's option to designate or convert all or a portion of
1-31 deferred amounts as or to Roth contributions under Section 609.1025
1-32 or 609.5021, as applicable, the federal income tax treatment of
1-33 which is governed by Section 402A, Internal Revenue Code of 1986.
1-34   SECTION 2. Subchapter B, Chapter 609, Government Code, is
1-35 amended by adding Section 609.1025 to read as follows:
1-36   Sec. 609.1025. ROTH CONTRIBUTION PROGRAMS.   A political
1-37 subdivision may:
1-38   (1) establish a qualified Roth contribution program in
1-39 accordance with Section 402A, Internal Revenue Code of 1986, under
1-40 which an employee may:
1-41   (A) designate all or a portion of the employee's
1-42 contribution under a 401(k) plan as a Roth contribution at the time
1-43 the contribution is made; or
1-44   (B) convert all or a portion of the employee's
1-45 previous contribution under the plan to a Roth contribution; and
1-46   (2) if authorized by federal law, establish a program
1-47 in accordance with the applicable federal law under which an
1-48 employee may:
1-49   (A) designate all or a portion of the employee's
1-50 contribution under a 457 plan as a Roth contribution at the time the
1-51 contribution is made; or
1-52   (B) convert all or a portion of the employee's
1-53 previous contribution under the plan to a Roth contribution.
1-54   SECTION 3. Subchapter B, Chapter 609, Government Code, is
1-55 amended by adding Section 609.1175 to read as follows:
1-56   Sec. 609.1175. LOANS   UNDER   457   PLAN.   The   plan
1-57 administrator of a 457 plan may develop and implement procedures to
1-58 efficiently administer a program under the plan that allows a
1-59 qualified vendor to lend money to a participating employee.
1-60   SECTION 4. (a) The legislature validates an act taken

2-1 before the effective date of this Act by a political subdivision to
2-2 establish and administer:
2-3   (1) a qualified Roth contribution program in
2-4 accordance with Section 402A, Internal Revenue Code of 1986;
2-5   (2) a program in accordance with federal law under
2-6 which an employee may designate or convert all or a portion of the
2-7 employee's contribution under a 457 plan as or to a Roth
2-8 contribution at the time the contribution is made; or
2-9   (3) a loan program under a 457 plan.
2-10   (b) Subsection (a) of this section does not apply to a
2-11 matter that on the effective date of this Act:
2-12   (1) is involved in litigation, if the litigation
2-13 ultimately results in the matter being held invalid by a final court
2-14 judgment; or
2-15   (2) has been held invalid by a final court judgment.
2-16   SECTION 5. This Act takes effect immediately if it receives
2-17 a vote of two-thirds of all the members elected to each house, as
2-18 provided by Section 39, Article III, Texas Constitution. If this
2-19 Act does not receive the vote necessary for immediate effect, this
2-20 Act takes effect September 1, 2013.

2-21   * * * * *