

By: Coleman

H.B. No. 2065

A BILL TO BE ENTITLED

AN ACT

relating to automatic employee participation in and administration of a deferred compensation plan provided by the Harris County Hospital District.

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

SECTION 1. Section 609.007(c), Government Code, is amended to read as follows:

(c) Except as provided by Section 609.203 or 609.5025, to participate in a deferred compensation plan, an employee must consent in the contract to automatic payroll deductions in an amount equal to the deferred amount.

SECTION 2. Chapter 609, Government Code, is amended by adding Subchapter B-1 to read as follows:

SUBCHAPTER B-1. PARTICIPATION IN DEFERRED COMPENSATION PLAN BY
HARRIS COUNTY HOSPITAL DISTRICT EMPLOYEES

Sec. 609.201. DEFINITIONS. In this subchapter:

(1) "Board" means the board of hospital managers of the Harris County Hospital District.

(2) "District" means the Harris County Hospital District.

Sec. 609.202. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to the Harris County Hospital District if the district offers a deferred compensation plan to the district's employees under Subchapter B.

1 Sec. 609.203. AUTOMATIC PARTICIPATION; DEFAULT INVESTMENT
2 PRODUCT. (a) This section applies only to an employee of the
3 district.

4 (b) An employee automatically participates in a deferred
5 compensation plan provided by the district unless the employee
6 affirmatively elects not to participate in the plan.
7 Notwithstanding Sections 609.007(a) and (c), an employee is not
8 required to affirmatively contract for and consent to participation
9 in a plan under this section.

10 (c) An employee participating in a deferred compensation
11 plan under this section makes a contribution of one percent of the
12 compensation earned by the employee to a default investment product
13 selected by the plan administrator based on the criteria
14 established under Section 609.113 and the rules adopted under
15 Subsection (f). The contribution is made by automatic payroll
16 deduction.

17 (d) At any time, an employee participating in a deferred
18 compensation plan under this section may, in accordance with rules
19 adopted by the board, elect to end participation in the plan, to
20 contribute to a different investment product, to contribute a
21 different amount to the plan, or to designate all or a portion of
22 the employee's contribution as a Roth contribution subject to the
23 availability of a Roth contribution program.

24 (e) The district shall ensure that, at the time of
25 employment, each employee is informed of:

26 (1) the elections the employee may make under this
27 section; and

1 (2) the responsibilities of the employee under Section
2 609.010.

3 (f) The board shall adopt rules to implement the
4 requirements of this section. The rules must ensure that the
5 operation of a deferred compensation plan under this section
6 conforms to the applicable requirements of any federal rule that
7 provides fiduciary relief for investments in qualified default
8 investment alternatives or otherwise governs default investment
9 alternatives under participant-directed individual account plans.

10 (g) The amount deducted under this section from an
11 employee's compensation is not deducted for payment of a debt and
12 the automatic payroll deduction is not garnishment or assignment of
13 wages.

14 (h) Using existing resources, the district shall inform new
15 employees of their automatic enrollment in a deferred compensation
16 plan and their right to opt out of enrollment. Using existing
17 resources, this information must be included as part of the new
18 employee orientation process. The district shall maintain a record
19 of a new employee's acknowledgement of receipt of information
20 regarding the ability to opt out of enrollment in a deferred
21 compensation plan.

22 Sec. 609.204. DISCRETIONARY TRANSFER. (a) The district
23 may transfer an employee's deferred amounts and investment income
24 from a qualified investment product to the trust fund of the
25 deferred compensation plan in which the employee participates if
26 the district determines that the transfer is in the best interest of
27 the plan and the employee.

1 (b) The district is not required to give notice of a
2 transfer under Subsection (a) to the employee before the transfer
3 occurs.

4 (c) Promptly after a transfer under Subsection (a) occurs,
5 the district shall give to the employee a notice that:

6 (1) states the reason for the transfer; and

7 (2) requests that the employee promptly designate
8 another qualified investment product to receive the transferred
9 amount.

10 Sec. 609.205. ALTERNATIVE TO FUND DEPOSIT. Instead of
11 depositing deferred amounts and investment income in the trust fund
12 of the deferred compensation plan, the district may invest deferred
13 amounts and investment income in a qualified investment product
14 specifically designated by the district for that purpose.

15 Sec. 609.206. CONTRACTS FOR GOODS AND SERVICES. (a) The
16 district may contract for necessary goods and consolidated billing,
17 accounting, and other services to be provided in connection with a
18 deferred compensation plan.

19 (b) In a contract under Subsection (a), the district may
20 provide for periodic audits of the person with whom the contract is
21 made. An audit may cover:

22 (1) the proper handling and accounting of public or
23 trust funds; and

24 (2) other matters related to the proper performance of
25 the contract.

26 (c) The district may contract with a private entity to
27 conduct an audit under Subsection (b).

1 SECTION 3. Section 609.203, Government Code, as added by
2 this Act, applies only to an employee of the Harris County Hospital
3 District who initially begins employment on or after January 1,
4 2016.

5 SECTION 4. (a) Except as provided by Subsection (b) of this
6 section, the acts of the Harris County Hospital District that
7 relate to discretionary transfers of funds and consolidation of
8 billing and accounting for deferred compensation plans provided by
9 the district to the district's employees and that occurred before
10 the effective date of this Act are validated as if the acts had
11 occurred as authorized by law.

12 (b) This section does not validate an act that, under the
13 law of this state at the time the act occurred, was a misdemeanor or
14 felony.

15 SECTION 5. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2015.