

By: Coleman

H.B. No. 2068

A BILL TO BE ENTITLED

AN ACT

relating to automatic employee participation in and administration of a deferred compensation plan provided by hospital districts.

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 609.202 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 CERTAIN HOSPITAL DISTRICT EMPLOYEES

Sec. 609.201. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a hospital district created under general or special law if the district offers a deferred compensation plan to the district's employees under Subchapter B.

Sec. 609.202. AUTOMATIC PARTICIPATION; DEFAULT INVESTMENT PRODUCT. (a) This section applies only to an employee of a hospital district to which this subchapter applies.

(b) An employee automatically participates in a deferred compensation plan provided by the hospital district unless the employee affirmatively elects not to participate in the plan.

1 Notwithstanding Sections 609.007(a) and (c), an employee is not  
2 required to affirmatively contract for and consent to participation  
3 in a plan under this section.

4 (c) An employee participating in a deferred compensation  
5 plan under this section makes a contribution of one percent of the  
6 compensation earned by the employee to a default investment product  
7 selected by the plan administrator based on the criteria  
8 established under Section 609.113 and the rules adopted under  
9 Subsection (f). The contribution is made by automatic payroll  
10 deduction.

11 (d) At any time, an employee participating in a deferred  
12 compensation plan under this section may, in accordance with rules  
13 adopted by the board of the hospital district, elect to end  
14 participation in the plan, to contribute to a different investment  
15 product, to contribute a different amount to the plan, or to  
16 designate all or a portion of the employee's contribution as a Roth  
17 contribution subject to the availability of a Roth contribution  
18 program.

19 (e) A hospital district to which this subchapter applies  
20 shall ensure that, at the time of employment, each employee is  
21 informed of:

22 (1) the elections the employee may make under this  
23 section; and

24 (2) the responsibilities of the employee under Section  
25 609.010.

26 (f) The board of the hospital district shall adopt rules to  
27 implement the requirements of this section. The rules must ensure

1 that the operation of a deferred compensation plan under this  
2 section conforms to the applicable requirements of any federal rule  
3 that provides fiduciary relief for investments in qualified default  
4 investment alternatives or otherwise governs default investment  
5 alternatives under participant-directed individual account plans.

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

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

18 Sec. 609.203. DISCRETIONARY TRANSFER. (a) A hospital  
19 district may transfer an employee's deferred amounts and investment  
20 income from a qualified investment product to the trust fund of the  
21 deferred compensation plan in which the employee participates if  
22 the district determines that the transfer is in the best interest of  
23 the plan and the employee.

24 (b) The hospital district is not required to give notice of  
25 a transfer under Subsection (a) to the employee before the transfer  
26 occurs.

27 (c) Promptly after a transfer under Subsection (a) occurs,

1 the hospital district shall give to the employee a notice that:

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

3 (2) requests that the employee promptly designate  
4 another qualified investment product to receive the transferred  
5 amount.

6 Sec. 609.204. ALTERNATIVE TO FUND DEPOSIT. Instead of  
7 depositing deferred amounts and investment income in the trust fund  
8 of the deferred compensation plan, a hospital district may invest  
9 deferred amounts and investment income in a qualified investment  
10 product specifically designated by the district for that purpose.

11 Sec. 609.205. CONTRACTS FOR GOODS AND SERVICES. (a) A  
12 hospital district may contract for necessary goods and consolidated  
13 billing, accounting, and other services to be provided in  
14 connection with a deferred compensation plan.

15 (b) In a contract under Subsection (a), the hospital  
16 district may provide for periodic audits of the person with whom the  
17 contract is made. An audit may cover:

18 (1) the proper handling and accounting of public or  
19 trust funds; and

20 (2) other matters related to the proper performance of  
21 the contract.

22 (c) The hospital district may contract with a private entity  
23 to conduct an audit under Subsection (b).

24 SECTION 3. Section 609.202, Government Code, as added by  
25 this Act, applies only to an employee of a hospital district subject  
26 to that section who initially begins employment on or after January  
27 1, 2016.

1           SECTION 4. (a) Except as provided by Subsection (b) of this  
2 section, the acts of a hospital district created under general or  
3 special law that relate to discretionary transfers of funds and  
4 consolidation of billing and accounting for deferred compensation  
5 plans provided by the district to the district's employees and that  
6 occurred before the effective date of this Act are validated as if  
7 the acts had occurred as authorized by law.

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

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