

BILL ANALYSIS

Senate Research Center
89R3073 SCL-F

H.B. 762
By: Leach et al. (Bettencourt)
Local Government
5/7/2025
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The bill author has informed the committee that there is no law that limits the amount of severance pay that a public employee in Texas can receive nor a law that eliminates severance pay for those whose employment or contract is terminated as a result of misconduct and has further indicated that, as a result, there have been instances where certain officials have received excessively large severance packages, at taxpayer expense, on termination of employment. Commonly called "golden parachutes," these packages, according to the bill author, are honored even when the termination was the result of misconduct. H.B. 762 seeks to address this issue by setting certain restrictions on severance pay with regard to certain political subdivisions.

H.B. 762 amends current law relating to severance pay for political subdivision employees and independent contractors.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 180, Local Government Code, by adding Section 180.011, as follows:

Sec. 180.011. LIMITATION ON SEVERANCE PAY FOR EMPLOYEES AND INDEPENDENT CONTRACTORS. (a) Defines "misconduct" and "severance pay."

(b) Provides that this section does not apply to a public or teaching hospital.

(c) Requires a political subdivision that enters into a contract or employment agreement, or renewal or renegotiation of an existing contract or employment agreement, that contains a provision for severance pay with an employee or independent contractor to include a requirement that severance pay that is paid from tax revenue is prohibited from exceeding the amount of compensation, at the rate at the termination of employment or the contract, the employee or independent contractor would have been paid for 20 weeks, excluding paid time off or accrued vacation leave and a prohibition of the provision of severance pay when the employee or independent contractor is terminated for misconduct.

(d) Requires a political subdivision to post each severance agreement in a prominent place on the political subdivision's Internet website.

(e) Provides that this subsection applies to an action brought against a political subdivision by an employee or independent contractor of the political subdivision arising from the termination of the person's employment or contract. Prohibits a court from issuing a writ of execution or mandamus in connection with a judgment in the action if the judgment does not comply with this section.

SECTION 2. Makes application of Section 180.011, Local Government Code, as added by this Act, prospective.

SECTION 3. Effective date: September 1, 2025.