

1-1 By: Leach, et al. (Senate Sponsor - Bettencourt) H.B. No. 762
1-2 (In the Senate - Received from the House May 5, 2025;
1-3 May 5, 2025, read first time and referred to Committee on Local
1-4 Government; May 13, 2025, reported favorably by the following
1-5 vote: Yeas 6, Nays 0; May 13, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	Bettencourt	X		
1-9	Middleton	X		
1-10	Cook	X		
1-11	Gutierrez		X	
1-12	Nichols	X		
1-13	Paxton	X		
1-14	West	X		

1-15 A BILL TO BE ENTITLED
1-16 AN ACT

1-17 relating to severance pay for political subdivision employees and
1-18 independent contractors.

1-19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-20 SECTION 1. Chapter 180, Local Government Code, is amended
1-21 by adding Section 180.011 to read as follows:

1-22 Sec. 180.011. LIMITATION ON SEVERANCE PAY FOR EMPLOYEES AND
1-23 INDEPENDENT CONTRACTORS. (a) In this section:

1-24 (1) "Misconduct" means an act or omission by an
1-25 employee or contractor of a political subdivision in the
1-26 performance of the employee's or contractor's duties that the
1-27 governing body of the political subdivision determines to be
1-28 misconduct. The term includes any finding of criminal conduct.

1-29 (2) "Severance pay" means dismissal or separation
1-30 income paid on termination of:

1-31 (A) the employment of an employee that is in
1-32 addition to the employee's usual earnings from the employer at the
1-33 time of termination; or

1-34 (B) the contract of an independent contractor
1-35 that is in addition to the contractor's usual compensation from the
1-36 employer as prescribed by the contract.

1-37 (b) This section does not apply to a public or teaching
1-38 hospital.

1-39 (c) A political subdivision that enters into a contract or
1-40 employment agreement, or renewal or renegotiation of an existing
1-41 contract or employment agreement, that contains a provision for
1-42 severance pay with an employee or independent contractor must
1-43 include:

1-44 (1) a requirement that severance pay that is paid from
1-45 tax revenue may not exceed the amount of compensation, at the rate
1-46 at the termination of employment or the contract, the employee or
1-47 independent contractor would have been paid for 20 weeks, excluding
1-48 paid time off or accrued vacation leave; and

1-49 (2) a prohibition of the provision of severance pay
1-50 when the employee or independent contractor is terminated for
1-51 misconduct.

1-52 (d) A political subdivision shall post each severance
1-53 agreement in a prominent place on the political subdivision's
1-54 Internet website.

1-55 (e) This subsection applies to an action brought against a
1-56 political subdivision by an employee or independent contractor of
1-57 the political subdivision arising from the termination of the
1-58 person's employment or contract. A court may not issue a writ of
1-59 execution or mandamus in connection with a judgment in the action if
1-60 the judgment does not comply with this section.

1-61 SECTION 2. Section 180.011, Local Government Code, as added

2-1 by this Act, applies only to a contract entered into or an action
2-2 filed on or after the effective date of this Act.

2-3 SECTION 3. This Act takes effect September 1, 2025.

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