

By: Bell of Montgomery

H.B. No. 4317

Substitute the following for H.B. No. 4317:

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C.S.H.B. No. 4317

A BILL TO BE ENTITLED

AN ACT

relating to severance pay for political subdivision employees and independent contractors.

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

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

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

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

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

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

(B) the contract of an independent contractor of a political subdivision that is in addition to the contractor's usual earnings from the political subdivision as prescribed by the contract.

(b) A political subdivision that enters into an employment agreement or contract, or renewal or renegotiation of an existing

1 employment agreement or contract, that contains a provision for
2 severance pay must include:

3 (1) a requirement that severance pay that is paid from
4 public funds may not exceed the amount of compensation, at the rate
5 at the termination of employment or of the contract, the employee or
6 independent contractor would have been paid for 12 weeks, excluding
7 paid time off or accrued vacation leave; and

8 (2) a prohibition of the provision of severance pay
9 when the employee or independent contractor is terminated for
10 misconduct.

11 (c) A political subdivision shall post each severance
12 agreement in a prominent place on the political subdivision's
13 Internet website.

14 (d) This subsection applies to an action brought against a
15 political subdivision by an employee or independent contractor of
16 the political subdivision arising from the termination of the
17 person's employment or contract. A court may not issue a writ of
18 execution or mandamus in connection with a judgment in the action if
19 the judgment does not comply with this section.

20 SECTION 2. Section 180.011, Local Government Code, as added
21 by this Act, applies only to an employment agreement or contract
22 entered into or an action filed on or after the effective date of
23 this Act.

24 SECTION 3. This Act takes effect September 1, 2025.