

By: Hughes, Hinojosa of Nueces  
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S.B. No. 777

A BILL TO BE ENTITLED

AN ACT

relating to compensation and employment condition standards by municipal charter or collective bargaining agreement and to impasse resolution in collective bargaining with certain political subdivisions.

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

SECTION 1. Section 174.005, Local Government Code, is amended to read as follows:

Sec. 174.005. PREEMPTION OF OTHER LAW. Except as provided by this chapter, this ~~[This]~~ chapter preempts all contrary local ordinances, executive orders, legislation, or rules adopted by the state or by a political subdivision or agent of the state, including a personnel board, civil service commission, or home-rule municipality.

SECTION 2. Section 174.022(b), Local Government Code, is amended to read as follows:

(b) If an arbitration award is rendered as provided by Subchapter E or E-1 or other impasse resolution, the public employer involved is considered to be in compliance with the requirements of Section 174.021 as to the conditions of employment provided by the award for the duration of the collective bargaining period to which the award applies.

SECTION 3. The heading to Subchapter E, Chapter 174, Local Government Code, is amended to read as follows:

SUBCHAPTER E. MEDIATION; IMPASSE RESOLUTION [~~ARBITRATION~~]

SECTION 4. Section 174.153(a), Local Government Code, is amended to read as follows:

(a) Except as provided by Sections [~~Section~~] 174.1535 and 174.165 and Subchapter E-1, a public employer or an association that is a bargaining agent may request the appointment of an arbitration board if:

(1) the parties:

(A) reach an impasse in collective bargaining; or

(B) are unable to settle after the appropriate lawmaking body fails to approve a contract reached through collective bargaining;

(2) the parties made every reasonable effort, including mediation, to settle the dispute through good-faith collective bargaining; and

(3) the public employer or association gives written notice to the other party, specifying the issue in dispute.

SECTION 5. Section 174.156(b), Local Government Code, is amended to read as follows:

(b) Except as provided by Section 174.165, an [~~An~~] arbitration board shall render an award in accordance with the requirements of Section 174.021. In settling disputes relating to compensation, hours, and other conditions of employment, the board shall consider:

(1) hazards of employment;

(2) physical qualifications;

(3) educational qualifications;

- (4) mental qualifications;
- (5) job training;
- (6) skills; and
- (7) other factors.

SECTION 6. Section 174.163, Local Government Code, is amended to read as follows:

Sec. 174.163. COMPULSORY ARBITRATION NOT REQUIRED; EXCEPTIONS. Except as provided by Section 174.165 or Subchapter E-1, this [This] chapter does not require compulsory arbitration.

SECTION 7. Subchapter E, Chapter 174, Local Government Code, is amended by adding Section 174.165 to read as follows:

Sec. 174.165. OTHER IMPASSE RESOLUTION FOR FIRE FIGHTERS UNDER MUNICIPAL CHARTER OR COLLECTIVE BARGAINING AGREEMENT. (a) Except as provided by Subsection (b), this section applies only to:

(1) except as provided by Subdivision (2), if a municipality has a charter that provides for the resolution of an impasse in a collective bargaining process governed by this chapter involving a public employer of the municipality and an association that is a bargaining agent for employees of the public employer, that public employer and bargaining agent; or

(2) if a collective bargaining agreement under this chapter is in effect and provides for the resolution of an impasse in a collective bargaining process governed by this chapter involving a public employer of a political subdivision and an association that is the bargaining agent for the fire fighters of the public employer, that public employer and bargaining agent.

(b) This section does not apply to a municipality or

association to which Subchapter E-1 applies.

(c) A public employer and an association that is a bargaining agent for fire fighters shall submit to the impasse resolution mechanism contained in the charter or agreement described by Subsection (a), as applicable, if the parties:

(1) reach an impasse in collective bargaining; or

(2) are unable to settle after the 61st day after the date the appropriate lawmaking body fails to approve a contract reached through collective bargaining.

(d) A provision of this subchapter relating to arbitration does not apply to the impasse resolution mechanism described by Subsection (c), unless the charter or agreement described by Subsection (a), as applicable, specifically provides otherwise. To the extent of any conflict, the charter or agreement, as applicable, prevails over any provision of this subchapter.

SECTION 8. Chapter 174, Local Government Code, is amended by adding Subchapter E-1 to read as follows:

SUBCHAPTER E-1. ARBITRATION IN CERTAIN MUNICIPALITIES

Sec. 174.181. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to:

(1) a municipality with a population of more than 950,000 and less than 1,050,000; and

(2) an association that is a bargaining agent for the employees of a fire department of a municipality described by Subdivision (1).

Sec. 174.182. BINDING INTEREST ARBITRATION. (a) A municipality and an association that is a bargaining agent shall

1 submit to binding interest arbitration as provided by this  
2 subchapter if the parties have reached an impasse as defined by  
3 Section 174.152.

4 (b) The municipality or the association that is a bargaining  
5 agent may request arbitration after the party provides written  
6 notice to the other party specifying the issues in dispute.

7 (c) If a party requests arbitration under this section, the  
8 parties shall submit all issues in dispute to arbitration not later  
9 than the 45th day after the date the other party received the  
10 requesting party's written arbitration request.

11 Sec. 174.183. ARBITRATION BOARD. (a) Not later than the  
12 fifth day after the date an agreement to arbitrate is executed, each  
13 party shall:

14 (1) select one arbitrator; and

15 (2) immediately notify the other party in writing of  
16 the name and contact information of the arbitrator selected.

17 (b) Not later than the 10th day after the date arbitrators  
18 are selected under Subsection (a), the arbitrators shall attempt to  
19 select a third, neutral arbitrator to form a three-person  
20 arbitration board.

21 (c) If the arbitrators are unable to agree on a third  
22 arbitrator as provided by Subsection (b), the parties shall request  
23 a list of nine qualified neutral arbitrators from the American  
24 Arbitration Association. The parties may agree on one of the nine  
25 neutral arbitrators on the list. If the parties do not agree within  
26 five days after the date they receive the list, each party shall  
27 alternate striking a name from the list, and the name remaining is

1 the third arbitrator.

2 (d) The third arbitrator selected under this section  
3 presides over the arbitration board.

4 (e) A decision made by the arbitration board at any stage of  
5 the arbitration process must be determined by majority vote of the  
6 arbitrators on the board.

7 Sec. 174.184. ARBITRATION PROCESS; JUDICIAL REVIEW. (a)  
8 Except as provided by this subchapter, Subchapter E does not apply  
9 to arbitration conducted under this subchapter. Arbitration under  
10 this subchapter must be conducted in accordance with Sections  
11 [174.155](#), [174.157](#), [174.158](#), [174.159](#), [174.160](#), [174.161](#), [174.162](#), and  
12 [174.164](#).

13 (b) An award of an arbitration board issued under this  
14 subchapter may be reviewed by a district court in accordance with  
15 Section [174.253](#).

16 Sec. 174.185. ARBITRATION AWARD CONSIDERATIONS. In making  
17 an award under this subchapter, the arbitration board may consider  
18 only the following:

19 (1) the history of collective bargaining agreements  
20 and negotiations between the parties;

21 (2) compensation and conditions of employment that  
22 prevail in comparable public sector employment in other  
23 municipalities;

24 (3) the rate of increase or decrease in the cost of  
25 living for the municipality's metropolitan area as determined by  
26 the Consumer Price Index for Urban Wage Earners and Clerical  
27 Workers (CPI-W), adjusted as necessary to account for housing and

1 tax costs in the metropolitan area and other relevant local  
2 factors;

3 (4) any of the following conditions of employment:

4 (A) hazards of employment;

5 (B) physical qualifications;

6 (C) educational qualifications;

7 (D) mental qualifications;

8 (E) job training;

9 (F) skills;

10 (G) employee morale; and

11 (H) any other factors with respect to a condition  
12 of employment the arbitration board determines to be relevant to  
13 the issues raised by the parties; and

14 (5) revenues available to and contractual obligations  
15 of the municipality and the impact of any arbitration ruling on the  
16 taxpayers of the municipality.

17 SECTION 9. (a) The change in law made by this Act validates  
18 impasse resolution provisions provided in a municipal charter,  
19 collective bargaining agreement, or arbitration award that are in  
20 effect on the effective date of this Act, and applies to collective  
21 bargaining negotiations in progress on the effective date of this  
22 Act or started on or after the effective date of this Act.

23 (b) A change in law made by this Act is not grounds to  
24 challenge a collective bargaining agreement or arbitration award  
25 that was entered into or awarded before the effective date of this  
26 Act.

27 SECTION 10. This Act takes effect immediately if it

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1 receives a vote of two-thirds of all the members elected to each  
2 house, as provided by Section 39, Article III, Texas Constitution.  
3 If this Act does not receive the vote necessary for immediate  
4 effect, this Act takes effect September 1, 2025.