

1-1 By: Hughes, Hinojosa of Nueces, Zaffirini S.B. No. 777
1-2 (In the Senate - Filed January 14, 2025; February 7, 2025,
1-3 read first time and referred to Committee on Local Government;
1-4 April 30, 2025, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 6, Nays 0; April 30, 2025,
1-6 sent to printer.)

1-7	COMMITTEE VOTE				
1-8		Yea	Nay	Absent	PNV
1-9	Bettencourt	X			
1-10	Middleton	X			
1-11	Cook	X			
1-12	Gutierrez			X	
1-13	Nichols	X			
1-14	Paxton	X			
1-15	West	X			

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 777 By: Nichols

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to compensation and employment condition standards by
1-20 municipal charter or collective bargaining agreement and to impasse
1-21 resolution in collective bargaining with certain political
1-22 subdivisions.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 174.005, Local Government Code, is
1-25 amended to read as follows:

1-26 Sec. 174.005. PREEMPTION OF OTHER LAW. Except as provided
1-27 by this chapter, this [~~This~~] chapter preempts all contrary local
1-28 ordinances, executive orders, legislation, or rules adopted by the
1-29 state or by a political subdivision or agent of the state, including
1-30 a personnel board, civil service commission, or home-rule
1-31 municipality.

1-32 SECTION 2. Section 174.022(b), Local Government Code, is
1-33 amended to read as follows:

1-34 (b) If an arbitration award is rendered as provided by
1-35 Subchapter E or E-1 or other impasse resolution, the public
1-36 employer involved is considered to be in compliance with the
1-37 requirements of Section 174.021 as to the conditions of employment
1-38 provided by the award for the duration of the collective bargaining
1-39 period to which the award applies.

1-40 SECTION 3. The heading to Subchapter E, Chapter 174, Local
1-41 Government Code, is amended to read as follows:

1-42 SUBCHAPTER E. MEDIATION; IMPASSE RESOLUTION [~~ARBITRATION~~]

1-43 SECTION 4. Section 174.153(a), Local Government Code, is
1-44 amended to read as follows:

1-45 (a) Except as provided by Sections [~~Section~~] 174.1535 and
1-46 174.165 and Subchapter E-1, a public employer or an association
1-47 that is a bargaining agent may request the appointment of an
1-48 arbitration board if:

1-49 (1) the parties:
1-50 (A) reach an impasse in collective bargaining; or
1-51 (B) are unable to settle after the appropriate
1-52 lawmaking body fails to approve a contract reached through
1-53 collective bargaining;

1-54 (2) the parties made every reasonable effort,
1-55 including mediation, to settle the dispute through good-faith
1-56 collective bargaining; and

1-57 (3) the public employer or association gives written
1-58 notice to the other party, specifying the issue in dispute.

1-59 SECTION 5. Section 174.156(b), Local Government Code, is
1-60 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
 submit to binding interest arbitration as provided by this
 subchapter if the parties have reached an impasse as defined by
 Section 174.152.

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

(c) If a party requests arbitration under this section, the

parties shall submit all issues in dispute to arbitration not later than the 45th day after the date the other party received the requesting party's written arbitration request.

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

(1) select one arbitrator; and
(2) immediately notify the other party in writing of the name and contact information of the arbitrator selected.

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

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

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

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

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

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

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

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

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

(3) the rate of increase or decrease in the cost of living for the municipality's metropolitan area as determined by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), adjusted as necessary to account for housing and tax costs in the metropolitan area and other relevant local factors;

(4) any of the following conditions of employment:
(A) hazards of employment;
(B) physical qualifications;
(C) educational qualifications;
(D) mental qualifications;
(E) job training;
(F) skills;
(G) employee morale; and
(H) any other factors with respect to a condition of employment the arbitration board determines to be relevant to the issues raised by the parties; and

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

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

4-1 (b) A change in law made by this Act is not grounds to
4-2 challenge a collective bargaining agreement or arbitration award
4-3 that was entered into or awarded before the effective date of this
4-4 Act.

4-5 SECTION 10. This Act takes effect immediately if it
4-6 receives a vote of two-thirds of all the members elected to each
4-7 house, as provided by Section 39, Article III, Texas Constitution.
4-8 If this Act does not receive the vote necessary for immediate
4-9 effect, this Act takes effect September 1, 2025.

* * * * *

4-10