

1-1 By: Coleman (Senate Sponsor - Garcia) H.B. No. 2068
 1-2 (In the Senate - Received from the House April 29, 2015;
 1-3 May 4, 2015, read first time and referred to Committee on State
 1-4 Affairs; May 18, 2015, reported favorably by the following vote:
 1-5 Yeas 7, Nays 1; May 18, 2015, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12			X	
1-13	X			
1-14	X			
1-15		X		
1-16	X			

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

1-19 relating to automatic employee participation in and administration
 1-20 of a deferred compensation plan provided by certain hospital
 1-21 districts.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section 609.007(c), Government Code, is amended
 1-24 to read as follows:

1-25 (c) Except as provided by Section 609.202 or 609.5025, to
 1-26 participate in a deferred compensation plan, an employee must
 1-27 consent in the contract to automatic payroll deductions in an
 1-28 amount equal to the deferred amount.

1-29 SECTION 2. Chapter 609, Government Code, is amended by
 1-30 adding Subchapter B-1 to read as follows:

1-31 SUBCHAPTER B-1. PARTICIPATION IN DEFERRED COMPENSATION PLAN BY
 1-32 CERTAIN HOSPITAL DISTRICT EMPLOYEES

1-33 Sec. 609.201. APPLICABILITY OF SUBCHAPTER. (a) This
 1-34 subchapter applies only to a hospital district created under
 1-35 general or special law if the district offers a deferred
 1-36 compensation plan to the district's employees under Subchapter B.

1-37 (b) A hospital district subject to this subchapter may, at
 1-38 the district's option, elect to require automatic employee
 1-39 participation in a deferred compensation plan under Section
 1-40 609.202.

1-41 Sec. 609.202. AUTOMATIC PARTICIPATION; DEFAULT INVESTMENT
 1-42 PRODUCT. (a) This section applies only to an employee of a
 1-43 hospital district that elects under Section 609.201(b) to require
 1-44 automatic employee participation in a deferred compensation plan
 1-45 under this section.

1-46 (b) An employee automatically participates in a deferred
 1-47 compensation plan provided by the hospital district unless the
 1-48 employee affirmatively elects not to participate in the plan.
 1-49 Notwithstanding Sections 609.007(a) and (c), an employee is not
 1-50 required to affirmatively contract for and consent to participation
 1-51 in a plan under this section.

1-52 (c) An employee participating in a deferred compensation
 1-53 plan under this section makes a contribution of one percent of the
 1-54 compensation earned by the employee to a default investment product
 1-55 selected by the plan administrator based on the criteria
 1-56 established under Section 609.113 and the rules adopted under
 1-57 Subsection (f). The contribution is made by automatic payroll
 1-58 deduction.

1-59 (d) At any time, an employee participating in a deferred
 1-60 compensation plan under this section may, in accordance with rules
 1-61 adopted by the board of the hospital district, elect to end

2-1 participation in the plan, to contribute to a different investment
 2-2 product, to contribute a different amount to the plan, or to
 2-3 designate all or a portion of the employee's contribution as a Roth
 2-4 contribution subject to the availability of a Roth contribution
 2-5 program.

2-6 (e) A hospital district to which this subchapter applies
 2-7 shall ensure that, at the time of employment, each employee is
 2-8 informed of:

2-9 (1) the elections the employee may make under this
 2-10 section; and

2-11 (2) the responsibilities of the employee under Section
 2-12 609.010.

2-13 (f) The board of the hospital district shall adopt rules to
 2-14 implement the requirements of this section. The rules must ensure
 2-15 that the operation of a deferred compensation plan under this
 2-16 section conforms to the applicable requirements of any federal rule
 2-17 that provides fiduciary relief for investments in qualified default
 2-18 investment alternatives or otherwise governs default investment
 2-19 alternatives under participant-directed individual account plans.

2-20 (g) The amount deducted under this section from an
 2-21 employee's compensation is not deducted for payment of a debt and
 2-22 the automatic payroll deduction is not garnishment or assignment of
 2-23 wages.

2-24 (h) Using existing resources, the hospital district shall
 2-25 inform new employees of their automatic enrollment in a deferred
 2-26 compensation plan and their right to opt out of enrollment. Using
 2-27 existing resources, this information must be included as part of
 2-28 the new employee orientation process. The district shall maintain
 2-29 a record of a new employee's acknowledgment of receipt of
 2-30 information regarding the ability to opt out of enrollment in a
 2-31 deferred compensation plan.

2-32 Sec. 609.203. DISCRETIONARY TRANSFER. (a) A hospital
 2-33 district may transfer an employee's deferred amounts and investment
 2-34 income from a qualified investment product to the trust fund of the
 2-35 deferred compensation plan in which the employee participates if
 2-36 the district determines that the transfer is in the best interest of
 2-37 the plan and the employee.

2-38 (b) The hospital district is not required to give notice of
 2-39 a transfer under Subsection (a) to the employee before the transfer
 2-40 occurs.

2-41 (c) Promptly after a transfer under Subsection (a) occurs,
 2-42 the hospital district shall give to the employee a notice that:

2-43 (1) states the reason for the transfer; and

2-44 (2) requests that the employee promptly designate
 2-45 another qualified investment product to receive the transferred
 2-46 amount.

2-47 Sec. 609.204. ALTERNATIVE TO FUND DEPOSIT. Instead of
 2-48 depositing deferred amounts and investment income in the trust fund
 2-49 of the deferred compensation plan, a hospital district may invest
 2-50 deferred amounts and investment income in a qualified investment
 2-51 product specifically designated by the district for that purpose.

2-52 Sec. 609.205. CONTRACTS FOR GOODS AND SERVICES. (a) A
 2-53 hospital district may contract for necessary goods and consolidated
 2-54 billing, accounting, and other services to be provided in
 2-55 connection with a deferred compensation plan.

2-56 (b) In a contract under Subsection (a), the hospital
 2-57 district may provide for periodic audits of the person with whom the
 2-58 contract is made. An audit may cover:

2-59 (1) the proper handling and accounting of public or
 2-60 trust funds; and

2-61 (2) other matters related to the proper performance of
 2-62 the contract.

2-63 (c) The hospital district may contract with a private entity
 2-64 to conduct an audit under Subsection (b).

2-65 SECTION 3. Section 609.202, Government Code, as added by
 2-66 this Act, applies only to an employee of a hospital district subject
 2-67 to that section who initially begins employment on or after January
 2-68 1, 2016.

2-69 SECTION 4. (a) Except as provided by Subsection (b) of this

3-1 section, the acts of a hospital district created under general or
3-2 special law that relate to discretionary transfers of funds and
3-3 consolidation of billing and accounting for deferred compensation
3-4 plans provided by the district to the district's employees and that
3-5 occurred before the effective date of this Act are validated as if
3-6 the acts had occurred as authorized by law.

3-7 (b) This section does not validate an act that, under the
3-8 law of this state at the time the act occurred, was a misdemeanor or
3-9 felony.

3-10 SECTION 5. This Act takes effect immediately if it receives
3-11 a vote of two-thirds of all the members elected to each house, as
3-12 provided by Section 39, Article III, Texas Constitution. If this
3-13 Act does not receive the vote necessary for immediate effect, this
3-14 Act takes effect September 1, 2015.

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