

CHAPTER 331

H.B. No. 1226

An Act relating to deferred compensation plans for public employees.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Chapter 197, Acts of the 63rd Legislature, Regular Session, 1973 (Article 6252-3b, Vernon's Texas Civil Statutes), is amended by adding Section 3A to read as follows:

Sec. 3A. ESTABLISHMENT OF PLAN; TRUST; SELECTION OF SELLERS OF INVESTMENT PRODUCTS; LOANS. The comptroller of public accounts, or the appropriate officer designated by the county, city, town, or other political subdivision, is authorized to establish a deferred compensation plan in accordance with the federal revenue Act of 1978, Pub. L. No. 95-600, 26 U.S.C. Section 401(k), or such other laws as the congress may enact establishing qualified deferred compensation plans in which state employees may participate. The administrator of the plan may establish a trust to hold amounts deferred under the plan for the benefit of the employee or beneficiary as prescribed in the plan and may act as trustee. The administrator of the plan shall advertise for deferred compensation proposals for the investment products authorized to be furnished, shall negotiate with not less than six bidders submitting such proposals, or fewer if six proposals are not submitted, and shall select not less than three nor more than five sellers of investment products authorized, to contract with for the purpose of providing deferred compensation investment products. Each seller may offer to participants only the specific investment products authorized by its contract. The length of such contracts shall not exceed five years. Prior to the expiration of each such contract, the administrator of the plan may renew or renegotiate the contract for an additional period. The administrator may advertise for new or additional proposals at any time, so long as the total number of sellers offering products at one time does not exceed five. Advertisements, bids, and contracts entered into under this Act shall not be subject to the State Purchasing and General Services Act (Article 601b, Vernon's Texas Civil Statutes) or amendments thereto. Each seller of investment products may offer loans to participants in accordance with the applicable federal statutes and regulations, and rules promulgated by the administrator. Each participant must authorize the repayment of amounts borrowed from the participant's deferred compensation account through deductions from the participant's salary if the participant is an employee as defined in this Act. If amounts deferred by any state employee cannot be transferred immediately to the seller of investment products, the comptroller may place the funds with the treasury pending such transfer. As soon as practicable, the amounts deferred and any interest earned shall be transferred to the seller of investment products. Interest earned shall be credited proportionally to the employees whose funds were placed with the treasury.

SECTION 2. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 24, 1985, by a non-record vote; House concurred in Senate amendments to H.B. No. 1226 on May 17, 1985, by a non-record vote; passed by the Senate, with amendments, on May 15, 1985, by the following vote: Yeas 31, Nays 0.

Approved: June 8, 1985

Effective: August 26, 1985