

## **BILL ANALYSIS**

C.S.H.B. 3775  
By: Leach  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

There have been reports of public employees receiving excessively large severance packages upon termination of employment, in some cases even when the termination was the result of instances of misconduct. Under current law, there are no limits on the amount of severance pay that a public employee may receive. C.S.H.B. 3775 seeks to protect the taxpayer by ensuring public employees or contractors terminated for misconduct do not receive severance pay and capping the amount of severance pay for those who are otherwise terminated.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3775 amends the Local Government Code to prohibit a political subdivision, other than a public or teaching hospital, from making a payment to an employee or independent contractor as part of a severance package or as part of any other agreement or settlement made in relation to the termination of employment or the contract if the employee or contractor was terminated for misconduct or if the payment would be paid from tax revenue and exceed the amount of compensation, at the rate at the termination of employment or the contract, the employee or contractor would have been paid for 20 weeks, excluding paid time off or accrued vacation leave. The bill specifies what constitutes misconduct and requires an applicable political subdivision to post each severance agreement in a prominent place on its website. These provisions apply only to a contract entered into on or after the bill's effective date.

### **EFFECTIVE DATE**

September 1, 2021.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3775 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the original did not, the substitute includes a definition of "misconduct" and excludes a public or teaching hospital from the applicability of the bill's provisions.

The substitute also excludes paid time off or accrued vacation leave from the calculation of the 20 weeks of pay that serves as a cap on the amount of severance pay, whereas the original did not.