

BILL ANALYSIS

Senate Research Center
77R2365 GJH-D

S.B. 230
By: Harris
Education
2/9/2001
As Filed

DIGEST AND PURPOSE

Currently, school districts are not required to deposit funds for an employee's annuities, investments, or deferred compensation within any specific time frame. This results in some annuity funds not being deposited for several days after an employee has been paid. As proposed, S.B. 230 requires school districts to deposit those funds within three business days of the funds becoming legally available.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 22, Acts of the 57th Legislature, 3rd Called Session, 1962, to add Section 4, as follows:

Sec. 4. Requires the local boards of education to send an employee's funds covered under Section 1 of this Act to the employee's designee not later than the third day after funds become legally available. Requires local boards of education to send funds under Section 1 to an employee's designee by electronic transfer or certify to the comptroller that the employee's designee is unable to receive funds by electronic transfer and send funds by paper check. Requires local boards of education to give notice to each participating employee, at least once each fiscal year, whether the employee's designee is able to receive funds by electronic transfer.

SECTION 2. Amends Chapter 609B, Government Code, to add Section 609.1085, as follows:

Sec. 609.1085. INVESTMENT OF DEFERRED AMOUNTS AND INCOME BY INDEPENDENT SCHOOL DISTRICTS. Requires the plan administrator to send an employee's deferred amount or investment income (funds) for investment in the employee's qualified investment product not later than the third day after the funds become legally available. Requires the plan administrator to send the funds to an employee's qualified investment product by electronic transfer or certify to the comptroller that the employee's qualified investment product is unable to receive funds by electronic transfer and send the funds by paper check. Requires the plan administrator to give notice to each participating employee, at least once each fiscal year, whether the employee's qualified investment product is able to receive the employee's funds by electronic transfer.

SECTION 3. Effective date: September 1, 2001.