

BILL ANALYSIS

Senate Research Center

H.B. 798
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Intergovernmental Relatio
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Engrossed

DIGEST AND PURPOSE

Under current law, the amount of money that may be offered to an employee of a political subdivision as a part of a severance package or employment termination agreement is not limited. Cities wishing to hire a new city manager may be forced to buy out the remaining term of a city manager's contract. This could be expensive, especially for small cities. H.B. 798 limits the duration of a contract for employment with a political subdivision and the money contained in a severance package or employment termination agreement.

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 180, Local Government Code, by adding Section 180.004, as follows:

Sec. 180.004. LIMITATION ON DURATION OF, AND SEVERANCE PAY UNDER, EMPLOYMENT CONTRACT. (a) Defines "political subdivision."

(b) Prohibits the duration of a contract for employment with a political subdivision from exceeding the length of the term a member of the governing body of the political subdivision is elected to serve.

(c) Prohibits a political subdivision from, as part of a severance package or as part of any other agreement or settlement made in relation to the termination of a person's employment, making a payment to an employee in an amount that exceeds the amount of the employee's salary for 50 percent of the time remaining on an employment contract. Provides that this subsection does not limit the amount that may be paid to an employee for other benefits accrued during employment.

SECTION 2. Provides that this Act takes effect September 1, 2001, and applies only to a contract for employment with a political subdivision that is entered into on or after that date.