

BILL ANALYSIS

Senate Research Center

H.B. 2341
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Education
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In November 2004, the United States Department of the Treasury and the Internal Revenue Service proposed regulations that would increase the responsibility of public school districts and other employers for retirement plans offered under the Internal Revenue Code. Some school districts offer these plans to their employees as the primary vehicle for voluntary tax-deferred payroll savings.

Current statute prohibits public school districts and other educational institutions from imposing restrictions on companies offering such plans. As a result, school districts face the possibility that federal regulations will require them to take more responsibility for their plans, but Texas statutes will prevent them from implementing the controls necessary to comply.

H.B. 2341 authorizes a school district or other educational institution to refuse to accept these plans under certain circumstances.

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 Section 9, Chapter 22, Acts of the 57th Legislature, 3rd Called Session, 1962 (Article 6228a-5, V.T.C.S.), as follows:

Sec. 9. (a) Creates this subsection from existing text. Provides that Subsection (b) is an exception to this subsection, which prohibits an educational institution from refusing to enter into a salary reduction agreement with an employee if the qualified investment product that is the subject of the salary reduction is an eligible qualified investment.

(b) Authorizes an educational institution to refuse to enter into a salary reduction agreement with an employee under certain circumstances.

SECTION 2. Effective date: September 1, 2007.