

SUBJECT: Prohibiting waivers of worker compensation and unemployment rights

COMMITTEE: Economic Development — favorable, without amendment

VOTE: 9 ayes — Jim Solis, Van de Putte, Deshotel, Homer, Keffer, Luna,  
McClendon, Seaman, Yarbrough

0 nays

WITNESSES: For —Rick Levy, Texas AFL-CIO

Against —None

DIGEST: HB 946 would prohibit an employer from placing a statement on a paycheck that cashing or endorsing the check means the employee has waived rights to unemployment benefits, workers' compensation benefits, or any other benefits to which the employee may be entitled. Attaching such a statement to a check or any other negotiable instrument used to pay wages also would be prohibited.

An employer who violated this provision would be considered not to have paid wages to the employee. A violation would be considered a class A misdemeanor, punishable by up to one year in jail and/or a maximum fine of \$4,000.

Temporary common worker employer licensees and temporary employment services would be considered employers subject to the bill.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

SUPPORTERS SAY: Some employers recently have begun to place general disclaimers on the backs of their employees' paychecks stating: "By endorsing this check, you agree that you have not been injured." This practice deters workers who have been injured from seeking the benefits to which they are entitled under Texas law. HB 946 would prohibit employers, including temporary agencies and staff leasing services, from requiring employees to sign away their rights to

workers' compensation, unemployment insurance, or any other rights under the law in order to cash or deposit their paychecks.

Under current law, an employee can sue an employer for benefits even if a waiver attached to a paycheck is signed, because any such waiver would not be considered valid. However, this practice is aimed at intimidating people who are unfamiliar with their rights or who do not have access to lawyers. This bill, containing misdemeanor penalties, is needed to stop employers from taking advantage of such vulnerable employees.

Current law allows an employee who is not paid wages to file a wage claim with the Texas Workforce Commission (TWC). In addition to misdemeanor penalties, this bill also would allow an employee to file a claim for unpaid wages against an employer violating this provision.

**OPPONENTS  
SAY:**

This bill is unnecessary because current law already prevents employers from denying employees their rights based on such waivers. Employees who are not already aware of their rights would not be made more aware of them if HB 946 is enacted.

The penalties in this bill are too harsh. In addition to being subject to criminal prosecution, an employer could be forced to pay the employee twice. An employee would be allowed both to keep the paycheck in question and to file a claim for unpaid wages with the Texas Workforce Commission if a disclaimer is attached.