

BILL ANALYSIS

Senate Research Center
83R21266 MAW-F

H.B. 2015
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Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently all Texas employers must report quarterly to the Texas Workforce Commission (TWC) the number of workers in their employment who are considered employees under the Texas Unemployment Compensation Act (Act). The employer must then pay unemployment insurance (UI) taxes on the workers who are classified as employees each quarter in accordance with the Act. If an employer is found to have workers who are employees but are not being reported as such, TWC requires the employer to pay any retroactive UI taxes as well as any future UI taxes that are due for the employees. This bill amends the Labor Code to establish that an employer (general contractors and subcontractors or person) awarded a contract for public works must ensure that any individual performing services under such contract (including individuals working for subcontractors) are properly classified as an employee or independent contractor.

H.B. 2015 amends current law relating to the proper classification of workers performing services in connection with governmental contracts and provides a penalty.

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 214, Labor Code, by adding Section 214.008, as follows:

Sec. 214.008. MISCLASSIFICATION OF CERTAIN WORKERS; PENALTY. (a) Requires a person who contracts with a governmental entity to provide a service as defined by Section 2155.001 (Definitions), Government Code, to properly classify, as an employee or independent contractor in accordance with Chapter 201 (Unemployment Compensation Act--General Provisions), any individual the person directly retains and compensates for services performed in connection with the contract.

(b) Defines "subcontractor" in this subsection.

(c) Requires a person who fails to properly classify an individual as required by Subsection (a) or (b) to pay to the Texas Workforce Commission (TWC) a penalty equal to \$200 for each individual that the person has not properly classified.

(d) Prohibits TWC from taking action to collect a penalty under this section from a person after the third anniversary of the date on which the violation occurred.

SECTION 2. Effective date: January 1, 2014.