

## **BILL ANALYSIS**

Senate Research Center  
86R11275 LED-F

S.B. 1516  
By: Birdwell  
Natural Resources & Economic Development  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Under current Texas case law, the Texas Workforce Commission (TWC) cannot collect unemployment insurance overpayments caused by TWC error. In *Martinez v. TEC*, 570 S.W. 2d 28 (Tex. Civ. App. - Corpus Christi 1978, no writ), the Court of Civil Appeals held that where an overpayment was caused solely by TWC error, the overpayment was not collectible under Section 214.002 of the Labor Code because there was no nondisclosure or misrepresentation by the claimant or by another.

S.B. 1516 would enable TWC to recover inadvertent overpayment of unemployment compensation benefits due to TWC error. TWC's inability to recover overpayment is a disservice to Texas employers who pay unemployment taxes. The practice is likewise fundamentally unfair because it allows some claimants to keep undeserved benefits. S.B. 1516 would change current law to reflect a new focus on overpayment recovery.

As proposed, S.B. 1516 amends current law relating to liability for obtaining improper unemployment compensation benefits.

### **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 the heading to Section 214.002, Labor Code, to read as follows:

Sec. 214.002. LIABILITY FOR OBTAINING IMPROPER BENEFITS.

SECTION 2. Section 214.002(b), Labor Code, to redefine "improper benefit" for purposes of this section to include the benefit obtained by a person because of Texas Workforce Commission error and to make nonsubstantive changes.

SECTION 3. Makes application of Section 214.002, Labor Code, as amended by this Act, prospective.

SECTION 4. Effective date: September 1, 2019.