

By: Canales

H.B. No. 144

A BILL TO BE ENTITLED

AN ACT

relating to the consideration by employers of the consumer credit reports of employees and applicants for employment.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 52, Labor Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. CONSIDERATION OF CREDIT REPORT BY EMPLOYER

Sec. 52.081. DEFINITIONS. In this subchapter:

(1) "Adverse employment action" means the denial of employment or a decision regarding the conditions of employment that adversely affects an employee or applicant.

(2) "Applicant" means a person who has made an oral or written application with an employer, or has sent a resume or other correspondence to an employer, indicating an interest in employment.

(3) "Consumer reporting agency" means any person that, for monetary fees or dues or on a cooperative nonprofit basis, regularly engages in the practice of assembling or evaluating credit information or other information on individuals for the purpose of furnishing credit reports to third parties.

(4) "Credit report" means any written, oral, or other communication of information by a consumer reporting agency that bears on an individual's creditworthiness, credit standing, credit capacity, or debts.

1 (5) "Employee" and "employer" have the meanings
2 assigned by Section 21.002.

3 Sec. 52.082. ADVERSE EMPLOYMENT ACTION BY EMPLOYER. An
4 employer may not take an adverse employment action against an
5 employee or applicant that is based wholly or partly on the
6 employee's or applicant's credit report unless:

7 (1) the employer provided to the employee or applicant
8 a copy of the credit report relied on by the employer together with
9 written instructions regarding how the employee or applicant, not
10 later than the second business day after the date the employee or
11 applicant receives the credit report and instructions, may provide
12 the employer with information explaining or otherwise addressing
13 the information in the credit report; and

14 (2) either:

15 (A) the employee or applicant has not provided to
16 the employer the information described by Subdivision (1) within
17 the time prescribed by that subdivision; or

18 (B) the employee or applicant provided to the
19 employer the information described by Subdivision (1) within the
20 time prescribed by that subdivision and the employer considered
21 that information before taking the action.

22 SECTION 2. This Act applies only to an adverse employment
23 action that is taken by an employer against an employee or applicant
24 for employment or other employer conduct that occurs on or after
25 January 1, 2020. Action taken by an employer or other conduct that
26 occurs before January 1, 2020, is governed by the law in effect
27 immediately before the effective date of this Act, and the former

1 law is continued in effect for that purpose.

2 SECTION 3. This Act takes effect September 1, 2019.