

BILL ANALYSIS

Senate Research Center

S.B. 777
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As Filed

DIGEST

Currently, Texas law prohibits certain deductions by an employer from an employee's wages if such deductions are not specifically authorized by the employee in writing, unless the deductions are for payroll taxes or made as the result of a court order. This bill would authorize an employer to deduct from an employee's wages money that corresponds to proceeds of misappropriation by an employee, wage and salary overpayments, loans, and wage and salary advancements without having to obtain a written authorization for the deduction from the employee.

PURPOSE

As proposed, S.B. 777 authorizes an employer to deduct from an employee's wages certain expenses to reimburse the employer.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 61.018, Labor Code, to prohibit an employer from withholding or diverting any part of an employee's wages unless the employer, among other options, is authorized to do so for reimbursement under Section 61.0185. Makes conforming changes.

SECTION 2. Amends Chapter 61B, Labor Code, by adding Section 61.0185, as follows:

Sec. 61.0185. **WAGE DEDUCTIONS TO REIMBURSE EMPLOYER.** Authorizes an employer to withhold from any part of an employee's wages without written authorization from the employee a sum of money equal to the amount necessary to reimburse the employer for theft, embezzlement, or other misappropriation by the employee in which the employee received money from the employer without authorization; the overpayment of wages or another form of pay to the employee regardless of the reason for the overpayment; a loan made by the employer to the employee; or a wage advance from the employer to the employee. Authorizes an employer to show that a deduction from wages is permitted by providing certain evidence. Requires a deduction from wages to reimburse an employer for a loan or wage advance to be permitted according to the terms of any agreement between the employer and employee regarding repayment of the loan or advance. Requires a loan for which the repayment period exceeds one year to be evidenced by a written repayment agreement signed by the employee or a person legally authorized to sign for the employee. Authorizes an employer to deduct from an employee's final paycheck the amount of the loan or advance that is unpaid on the employee's separation date unless a written agreement provides otherwise.

SECTION 3. Amends Chapter 61B, Labor Code, by adding Section 61.0186, as follows:

Sec. 61.0186. **IMPLIED AUTHORIZATION TO DEDUCT FOR CERTAIN BENEFITS.** Provides that an employee who fails to give written authorization for an employer to make an otherwise lawful deduction from part of the employee's wages of an amount equal to the value of a benefit from the employer is considered to have given the required authorization

if the employer retains or does not waive the benefit, and the employer remains in the employer's employment following a request by the employer for authorization to make the deduction. Defines "benefit."

SECTION 4. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 5. Emergency clause.