

**SUBJECT:** Liability of political subdivisions for attorney's fees in certain cases

**COMMITTEE:** Business and Industry — favorable, without amendment

**VOTE:** 7 ayes — Oliveira, Shine, Collier, Romero, Stickland, Villalba, Workman  
0 nays

**SENATE VOTE:** On final passage, April 26 — 31-0, on Local and Uncontested Calendar

**WITNESSES:** *On House companion bill, HB 2057:*  
For — (*Registered, but did not testify:* Kenneth Casaday, Austin Police Association; Todd Harrison and Chris Jones, Combined Law Enforcement Associations of Texas (CLEAT); Rene Lara, Texas AFL-CIO; Jimmy Rodriguez, San Antonio Police Officers Association; Emily Timm, Workers Defense Action Fund)  
  
Against — (*Registered, but did not testify:* Megan Dodge, City of San Antonio; Tom Tagliabue, City of Corpus Christi)  
  
On — (*Registered, but did not testify:* Amy Lee, Texas Department of Insurance, Division of Workers' Compensation)

**BACKGROUND:** Labor Code, sec. 504.053 requires self-insuring political subdivisions to provide workers' compensation medical benefits to injured employees. Sec. 504.053(e) specifies that nothing in ch. 504 waives a political subdivision's right to sovereign immunity.  
  
Sec. 417.003 requires an insurance carrier in a third-party action who is not actively represented by an attorney to pay a reasonable and proportionate attorney's fee to an attorney representing the claimant.

**DIGEST:** SB 877 would specify that a self-insuring political subdivision was liable for attorney's fees in disputes with an injured employee over workers' compensation medical benefits.

The bill would take effect September 1, 2017, and would apply only to an action commencing on or after that date.

**SUPPORTERS  
SAY:**

SB 877 would ensure that injured employees of a political subdivision were not unfairly burdened in legal disputes by prohibiting the political subdivision from claiming sovereign immunity to avoid paying its predetermined portion of attorney's fees. Employees injured in their course of employment should not be further harmed by undue legal fees.

The bill would lower workers' compensation costs for self-insuring political subdivisions by relieving a burden that injured employees face in bringing legal action against a third party whose negligence caused the injury. Guaranteeing that political subdivisions paid their portion of attorney's fees could encourage these employees to take legal action, increasing the likelihood that the insuring political subdivision could recover for benefit payments made on behalf of the injured employee.

The bill would not encourage frivolous lawsuits. Injured workers still would be required to pay a portion of attorney's fees and would be likely to pursue a legal dispute only if a serious violation had occurred.

**OPPONENTS  
SAY:**

SB 877 could increase legal expenses for local governments, hindering their ability to efficiently administer services.

**NOTES:**

A companion bill, HB 2057 by Oliveira, was placed on the Local, Consent, and Resolutions Calendar and approved by the House on May 4.