

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 18, 2005**

**TO:** Honorable Helen Giddings, Chair, House Committee on Business & Industry

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB2519** by Coleman (Relating to the prohibition of certain discrimination in applications for employment and employment interviews.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2519, As Introduced: a negative impact of (\$261,328) through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$130,923)
2007	(\$130,405)
2008	(\$130,405)
2009	(\$130,405)
2010	(\$130,405)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2005
2006	(\$130,923)	1.9
2007	(\$130,405)	1.9
2008	(\$130,405)	1.9
2009	(\$130,405)	1.9
2010	(\$130,405)	1.9

**Fiscal Analysis**

The provisions of the bill amend the Texas Labor Code by prohibiting an employer from considering an applicant's sexual orientation as a condition of employment. The provisions exclude the following employers: religious organizations encompassed by Section 11.20 of the Tax Code, any school, institution of higher learning, or other educational institution that is (a) entirely or substantially controlled, managed, owned, or supported by such a religious organization; (b) has a curriculum directed toward a particular religion. The provisions do apply to a religious organization's for-profit activities to the extent these activities are subject to the Internal Revenue Code Section 511(a).

According to the Texas Workforce Commission (TWC), since Title VII of the Civil Rights Act does not recognize sexual orientation as a protected class, resolution of charges of employment discrimination will not be covered under the contract for payment between TWC and the Equal

Employment Opportunity Commission and must be financed from the General Revenue Fund.

The bill takes effect September 1, 2005.

### **Methodology**

According to TWC, the provisions recognize a new protected class under state discrimination laws. The Civil Rights Division (CRD) does not currently process Equal Employment Opportunity Commission complaints for discrimination based on sexual orientation, and therefore there is no readily available resource to predict the number of complaints that will be received on a statewide basis.

TWC estimates that it would receive 134 complaints related to employment related discriminations. TWC indicates it would need 1.9 FTEs for Investigator III positions with annual salary and benefit costs totaling \$94,923 with other related costs totaling \$35,978 in fiscal year 2006 and \$35,459 in subsequent years to resolve complaints.

TWC has extrapolated the number of employment discrimination complaints from the cities of Austin (7 employment discrimination complaints based on sexual orientation) with a population of 678,198, Dallas (4 employment discrimination complaints based on sexual orientation) with a population of 1,201,759, and Fort Worth (4 employment discrimination complaints based on sexual orientation) with a population of 555,110. A total of 15 complaints were filed by a citizen pool of 2,435,468 people, 11 percent of the total Texas population of 21,779,893. Assuming that the percentage of complaints filed statewide will mirror the percentages of complaints filed locally, the estimated statewide total of such complaints is 133.5.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 320 Texas Workforce Commission

**LBB Staff:** JOB, JRO, MW, DE