

## **BILL ANALYSIS**

C.S.H.B. 1772  
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Business & Industry  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Texas has a dual system that allows employers to choose between subscription to the state managed Workers' Compensation System and non-subscription.

Non-subscribers are required to provide certain information to their employees and to the division of workers' compensation of the Texas Department of Insurance (division). For example, non-subscribers must notify the division of any workplace injuries resulting in more than one day of missed work. Based on the significant disparity in the numbers of reported injuries between subscribers and non-subscribers, it appears that many non-subscribers fail to comply with this requirement. Additionally, many employers apparently have allowed their workers' compensation insurance to lapse without submitting the required notification to the division. Nonetheless, the division apparently has not collected administrative penalties from non-subscribers who fail to comply with these notification requirements.

The purpose of C.S.H.B. 1772 is to ensure that the workers' compensation system functions as intended and to improve compliance with current notice requirements. C.S.H.B. 1772 requires the division to report annually to the Legislature on non-subscribers' compliance with notice requirements and the penalties levied for non-compliance.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1772 requires the division of workers' compensation of the Texas Department of Insurance (division) to report annually to the Legislature certain information as set forth by the bill regarding employers who do not obtain or otherwise provide workers' compensation insurance coverage. The bill authorizes the division to make the required annual report as part of the Texas Department of Insurance's annual report or as a separate report.

### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute differs from the original by removing the provision creating a Class D administrative violation for non-compliance with certain Workers' Compensation requirements punishable by an administrative penalty not to exceed \$500. The substitute removes language establishing enhanced reporting requirements for employers who do not obtain or otherwise provide workers' compensation insurance for workplace injuries. The substitute removes the requirement that the commissioner of workers' compensation (commissioner) adopt rules for the administration of the reporting requirements, and required the commissioner to prescribe forms to be used for the required report. The substitute removes the requirement that the commissioner adopt the rules for the administration of the provisions of the bill and prescribe the forms to be used for the report as required by the original bill as soon as practicable after the effective date of the Act.

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The substitute adds requirements for the division of workers' compensation to report certain information to the Legislature.

The substitute changes the effective date of the bill from September 1, 2007 to upon passage or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.