

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 18, 2007

TO: Honorable Joe Deshotel, Chair, House Committee on Economic Development

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

IN RE: HB456 by Rodriguez (Relating to the employment of certain day laborers; authorizing the imposition of an administrative penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB456, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

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
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND 1</i>	Change in Number of State Employees from FY 2007
2008	(\$849,980)	\$849,980	13.0
2009	(\$773,319)	\$773,319	13.0
2010	(\$773,975)	\$773,975	13.0
2011	(\$774,357)	\$774,357	13.0
2012	(\$774,215)	\$774,215	13.0

Fiscal Analysis

The bill would amend the Labor Code relating to the employment of certain day laborers. The bill would require the Texas Department of Licensing and Regulation (TDLR) to determine the content of a notice which provides notice of the wage rate expected to be paid to each day laborer; the bill would require TDLR to prescribe a written notice which would be required to be given to a day laborer by the employer regarding the availability of workers' compensation benefits; and the bill would provide TDLR the authority to impose an administrative penalty against a day labor employer who violates a provision of this bill.

The bill would take effect September 1, 2007.

Methodology

Based on information provided by TDLR, this analysis assumes that there are approximately 2.1 million day labor employers in the state each year, which would result in TDLR receiving approximately 800 complaints each year from violations of the bill.

It is estimated that TDLR would have a cost associated with the regulation of day labor employers. Based on the analysis of TDLR, it is assumed that regulating these day labor employers would require additional resources at a cost of \$1,623,299 through 2009.

Based on information provided by TDLR, it is assumed that costs for staff would include \$553,620 for 13.0 FTEs in each fiscal year from 2008 through fiscal year 2012. Other operating expenses, travel, rent, and equipment are estimated at \$139,741 in fiscal year 2008, \$63,080 in fiscal year 2009, \$63,736 in fiscal year 2010, \$64,118 in fiscal year 2011, and \$63,976 in fiscal year 2012. Estimated costs also include \$156,619 in each fiscal year from 2008 through fiscal year 2012 for associated benefits.

The bill does not provide for a specific fee to be collected to cover the cost of the provisions of the bill; however, this analysis assumes that any increased cost resulting from the bill would be offset by an increase in fees assessed and collected by the agency.

Technology

There would be a technology cost to TDLR of \$171,894 in fiscal year 2008, \$2,292 in fiscal year 2009, \$2,984 in fiscal year 2010, \$3,330 in fiscal year 2011, and \$3,188 in fiscal year 2012.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission, 452 Department of Licensing and Regulation, 454 Department of Insurance

LBB Staff: JOB, JRO, MW, AH, SK