

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 17, 2011**

**TO:** Honorable Joe Deshotel, Chair, House Committee on Business & Industry

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

**IN RE: HB3020** by Gutierrez (Relating to rest breaks for employees of certain contractors with a governmental entity.), **As Introduced**

**There would be an indeterminate cost to the state from the provisions of the bill.**

The bill would require contractors performing general construction work for a governmental entity to provide their employees with at least a 15-minute rest break for every four hours of work, not including regular meal breaks. General construction projects would include: (1) erecting a building, bridge, roadway, or public utility facility; (2) remodeling, extending, repairing, or demolishing a structure; or (3) improving real property.

The bill would authorize a governmental entity to impose an administrative penalty of \$100 per day per employee for confirmed violations and allow penalty amounts to be withheld from payments owed to the contractor.

Agency's reported that the bill's provisions would result in an increase in future construction costs and longer project completion time lines. The Texas Facilities Commission estimates an increase of 1.2 percent to construction project costs. The cost to the state cannot be determined due to the unknown amount of future construction activities by governmental entities and the extent to which production cost increases created from longer construction lengths would be passed on to governmental entities by contractors.

The Texas Department of Transportation reports that the bill's provisions would increase the agency's contract administration burden and that enforcing labor issues for which the agency currently has no oversight could threaten the independent contractor status of construction contractors. These concerns could result in tort, labor law, or tax consequences.

The bill's provisions would apply only to a contract solicited on or after the effective date. The bill would take effect September 1, 2011.

**Local Government Impact**

There would be an indeterminate cost to local governmental entities from the provisions of the bill.

**Source Agencies:** 303 Facilities Commission, 405 Department of Public Safety, 601 Department of Transportation, 696 Department of Criminal Justice, 802 Parks and Wildlife Department

**LBB Staff:** JOB, AG, JI, KY