

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 11, 2013

TO: Honorable René Oliveira, Chair, House Committee On Business & Industry

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB731 by Raymond (Relating to rest breaks for employees of certain contractors with a governmental entity; providing an administrative penalty.), **As Introduced**

No significant fiscal implication to the State is anticipated. However, there could be an indeterminate cost increase associated with future state construction contracts and longer project completion time lines.

The bill would amend the Government Code, Chapter 2252 to 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. 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.

Two agencies reported that the bill's provisions could result in an increase in future construction costs and longer project completion time lines. The Texas Facilities Commission (TFC) estimates an increase of 2.3 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 (TxDOT) reports that the bill's provisions would increase the agency's contract administration role and that enforcing labor issues for which the agency currently has no oversight could threaten the independent contractor status of construction contractors. The agency indicates these changes could result in tort, labor law, or tax consequences.

The Comptroller of Public Accounts (CPA) indicated it could not estimate a state revenue impact from the potential administrative penalties. Other agencies including the Department of Public Safety (DPS), Texas Parks and Wildlife Department (TPWD), the Texas Workforce Commission (TWC), and the Texas Department of Criminal Justice (TDCJ) indicate no significant fiscal impact to their agencies.

Local Government Impact

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

Source Agencies: 303 Facilities Commission, 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 405 Department of Public Safety, 601 Department of Transportation, 696 Department of Criminal Justice, 802 Parks and Wildlife Department

LBB Staff: UP, RB, JI, JJO, SD, TB, KKR