

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 21, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB4118 by Walle (Relating to requiring employers who choose not to purchase workers' compensation insurance coverage from an insurance carrier to provide certain employee benefits; providing an administrative violation; creating a criminal offense.), **As Introduced**

Due to the unknown number of employers that would choose to provide a qualified benefits plan as a result of the provisions of HB4118, the fiscal impact of the bill cannot be determined.

The bill would amend the Labor Code relating to requiring employers who choose not to purchase workers' compensation insurance coverage from an insurance carrier to provide certain employee benefits; providing an administrative violation; creating a criminal offense.

The bill would allow employers to obtain workers' compensation insurance coverage, provide benefits through a qualified benefit plan, or certified self-insurance coverage plan. The bill outlines the requirements for a qualified benefits plan and specifies that an employer providing a qualified benefits plan must notify the Commissioner of Insurance in writing and pay an annual nonrefundable fee of \$500. Additionally, the bill would make an employer violation of this chapter a Class A administrative violation. If an employer does not maintain workers' compensation insurance coverage in compliance with this chapter they would be committing a Class A misdemeanor offense.

Based on information provided by the Texas Department of Insurance (TDI) and the Comptroller of Public Accounts, it is estimated that approximately 30,000-40,000 private year-round employers do not have workers' compensation coverage, an alternate benefits plan, or self-insurance coverage. The provisions of the bill could potentially result in \$15.0 to \$20.0 million in additional annual revenue to the General Revenue Fund. However, as it is unknown how many employers would choose to provide a qualified benefit plan, and therefore be subject to the \$500 fee, the fiscal impact of the bill cannot be determined.

Based on information provided by TDI, it is assumed that all duties and responsibilities necessary to implement the provisions of the bill could be accomplished utilizing existing staff and resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 479 State Office of Risk Management

LBB Staff: UP, CL, NV, ER, NHe