LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 23, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3483** by Collier (Relating to requiring certain employers to provide paid leave to employees; authorizing administrative penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB 3483, As Introduced: a negative impact of ($213,773) through the biennium ending August 31, 2019.

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
2018	$0
2019	($213,773)
2020	($292,198)
2021	($292,198)
2022	($292,198)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from *General Revenue Fund* 1	Probable (Cost) from *General Revenue Fund* 1	Change in Number of State Employees from FY 2017
2018	$0	$0	0.0
2019	$45,185	($258,958)	2.7
2020	$67,440	($359,638)	4.1
2021	$67,440	($359,638)	4.1
2022	$67,440	($359,638)	4.1

Fiscal Analysis

The bill would amend the Labor Code relating to requiring certain employers to provide paid leave to employees; authorizing administrative penalties.

The bill would require employers to provide paid leave annually to employees. Employees may file complaints with the Texas Workforce Commission (TWC) for violations of Labor Code, Chapter 83. The bill requires TWC to investigate complaints and assess administrative penalties for violations.

The bill would take effect January 1, 2019.

Methodology

Based on information provided by TWC, it is estimated that implementing the provisions of the bill would result in an additional 1,535 complaints and 368 appeals annually. As the bill takes effect on January 1, 2019, there are no costs for fiscal year 2018 and the costs for fiscal year 2019 are prorated. In fiscal year 2019, this analysis estimates that 2.7 FTEs would require recurring costs of $143,889 in salaries, $2,158 in payroll contribution costs, and $50,533 in related support and benefit costs each fiscal year. Additional program costs include one-time costs of $18,000 for new staff workstations, and recurring costs of $21,555 for indirect administration costs, $14,741 for other related operating expenses, $6,970 for professional services, and $1,112 for computer leases.

Beginning in fiscal year 2020, it is estimated 4.1 Full-Time-Equivalent (FTE) positions per year would be needed to handle the increased workload. This analysis estimates that the 4.1 FTEs would require recurring costs of $214,759 in salaries, $3,221 in payroll contribution costs, and $75,423 in related support and benefit costs each fiscal year. Additional program costs include recurring costs of $32,171 for indirect administration costs, $22,001 for other related operating expenses, $10,403 for professional services, and $1,660 for computer leases.

The bill would assess an administrative penalty of $500 on employers who take retaliatory personnel action or discriminate against an employee as well as an administrative penalty of $100 for any other violation of a provision of the bill. Based on the anticipated complaint volume, the agency anticipates 15 retaliatory violations and 768 other violations. According to the agency, approximately 50 percent of employers remit payment voluntarily while the remaining 50 percent undergo collection actions with a 60 percent success rate. As a result, the anticipated total penalty revenue prorated for fiscal year 2019 is $45,185 and thereafter each fiscal year is $67,440 in General Revenue Funds.

Technology

This analysis estimates a one-time technology cost of $1,112 in fiscal year 2019 and a recurring technology cost of $1,660 each fiscal year thereafter related to the computer leases for the new FTEs required to implement the provisions of the bill.

Local Government Impact

According to the Texas Municipal League, the bill would have no fiscal impact on municipalities.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 320 Texas Workforce Commission

LBB Staff: UP, CL, EH, CP, JGA