

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 10, 2017

**TO:** Honorable Craig Estes, Chair, Senate Committee on Natural Resources & Economic Development

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB473** by Rodríguez (Relating to paid rest breaks for construction employees of construction contractors and subcontractors; providing an administrative penalty.), As Introduced

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB 473, As Introduced: an impact of \$0 through the biennium ending August 31, 2019.

It is estimated there would be a negative impact of (\$388,008) through the biennium ending August 31, 2019 from General Revenue-Dedicated Unemployment Compensation Special Administration Account 165.

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	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from Unempl Comp Sp Adm Acct 165	Change in Number of State Employees from FY 2017
2018	(\$198,504)	2.0
2019	(\$189,504)	2.0
2020	(\$189,504)	2.0
2021	(\$189,504)	2.0
2022	(\$189,504)	2.0

## **Fiscal Analysis**

The bill would amend the Labor Code relating to paid rest breaks for construction employees of construction contractors and subcontractors; providing an administrative penalty.

The bill would require a construction employer to provide at least a 15-minute paid rest break for every four hours of work to each construction employee. The bill would allow any construction employee to file a claim with the Texas Workforce Commission (TWC) and the agency would be required to investigate any complaints. Upon notice of a violation, if the employer does not correct the violation within 30 business days, TWC may assess an administrative penalty against the employer.

The bill would take effect September 1, 2017.

## **Methodology**

Based on information provided by TWC, it is estimated that implementing the provisions of the bill would result in an additional 906 wage claims and 18 retaliation complaints annually. TWC would require 2.0 Full-Time-Equivalent (FTE) positions per year for a total five-year impact of \$956,520 from General Revenue-Dedicated Unemployment Compensation Special Administration Account 165 to handle the increased workload.

The agency estimates that these FTEs would require recurring costs of \$111,701 in salaries, \$1,676 in payroll contribution costs, and \$39,229 in related support and benefit costs each fiscal year. Additional program costs include one-time costs of \$9,000 for new staff workstations, and recurring costs of \$16,733 for indirect administration costs, \$13,609 for other related operating expenses, \$5,726 for professional services, and \$830 for computer leases.

The amount of the penalty revenue is currently unknown as administrative penalties are determined on a case-by-case basis pursuant to the Labor Code; therefore, the fiscal impact cannot be determined. To the extent that penalties are assessed, it could offset the cost of implementing the provisions of the bill.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

## **Technology**

TWC estimates recurring technology costs of \$830 each fiscal year related to the computer leases for the new FTEs required to implement the provisions of the bill.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 320 Texas Workforce Commission

**LBB Staff:** UP, SZ, EH, CP