

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 12, 2019

TO: Honorable Rafael Anchia, Chair, House Committee on International Relations & Economic Development

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB3728 by Bernal (Relating to requiring certain employers to provide paid sick leave to employees; providing administrative penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3728, As Introduced: a negative impact of (\$208,364) through the biennium ending August 31, 2021.

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
2020	\$0
2021	(\$208,364)
2022	(\$276,249)
2023	(\$276,249)
2024	(\$276,249)

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 2019
2020	\$0	\$0	0.0
2021	\$44,608	(\$252,972)	2.8
2022	\$66,912	(\$343,161)	4.2
2023	\$66,912	(\$343,161)	4.2
2024	\$66,912	(\$343,161)	4.2

Fiscal Analysis

The bill would amend the Labor Code relating to requiring certain employers to provide paid sick

leave to employees; providing administrative penalties.

The bill would require employers to provide paid sick 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, 2021.

Methodology

Based on information provided by TWC, it is estimated that implementing the provisions of the bill would result in an additional 1,394 complaints and 279 appeals annually. As the bill takes effect on January 1, 2021, there are no costs for fiscal year 2020 and the costs for fiscal year 2021 are prorated. In fiscal year 2021, this analysis estimates that 2.8 Full-Time-Equivalent (FTE) positions would require recurring costs of \$150,600 in salaries, \$2,259 in payroll contribution costs, and \$50,345 in related support and benefit costs each fiscal year. Additional program costs include one-time costs of \$20,720 for new staff workstations, and recurring costs of \$4,800 for other related operating expenses, \$16,702 for professional services, and \$7,546 for computer leases and rental space.

Beginning in fiscal year 2022, it is estimated that 4.2 FTEs per year would be needed to handle the increased workload. This analysis estimates that the 4.2 FTEs would require recurring costs of \$222,803 in salaries, \$3,342 in payroll contribution costs, and \$74,483 in related support and benefit costs each fiscal year. Additional program costs include recurring costs of \$6,400 for other related operating expenses, \$25,052 for professional services, and \$11,081 for computer leases and rental space.

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 28 retaliatory violations and 697 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 2021 is \$44,608 and each fiscal year thereafter is \$66,912 in General Revenue Funds.

Technology

This analysis estimates a one-time technology cost of \$1,428 in fiscal year 2021 and a recurring technology cost of \$1,904 each fiscal year thereafter 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: WP, CLo, SGr, CP