**BILL ANALYSIS**

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| Senate Research Center | C.S.S.B. 130 |
| 88R18804 RDS-D | By: Campbell |
|  | Business & Commerce |
|  | 3/21/2023 |
|  | Committee Report (Substituted) |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In Texas we embrace statewide policies that promote economic prosperity and discourage cities from overregulating the marketplace. Because paid sick leave mandates drive up labor costs for businesses, the government-forced expenses have to be made up somewhere — either by cutting staff, paying workers less, or raising consumer prices. None of this is good for Texas families.

Three Texas municipalities have adopted regulations that dictate specific benefits private businesses must provide to their employees. These ordinances come with high regulatory costs and strict fines for non-compliance, which could harm the ability of family-owned businesses and mom-and-pop shops to stay open.

All three paid sick leave ordinances in Texas are enjoined, having been found to be unconstitutional for being in violation of the Texas Minimum Wage Act, and employers are not required to obey the ordinances at this time. However, the Supreme Court of Texas declined a request to review the Third Court of Appeals' decision involving paid sick leave ordinances, and the underlying litigation involving that ordinance remains pending.

S.B. 130 seeks to end the sick pay leave pending litigation by prohibiting municipalities and counties from adopting or enforcing ordinances, rules, or regulations that require employers to provide employment benefits. This makes it clear that Texas protects the present and future backbone of our economy, our small businesses.

Committee Substitute Changes:

The committee substitute clarifies that S.B. 130 does not affect/change the following:

* The Texas Minimum Wage Act under Chapter 62
* The authority of a municipality or county to negotiate the terms of employment with local government employees
* Employment and safety protections afforded by state and federal law
* Terms of agreement or policies between a local government and a private entity

C.S.S.B. 130 amends current law relating to the regulation by a municipality or county of certain employment benefits and policies.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle D, Title 2, Labor Code, by adding Chapter 83, as follows:

CHAPTER 83. PROHIBITION AGAINST LOCAL REGULATION OF EMPLOYMENT BENEFITS AND POLICIES

Sec. 83.001. DEFINITIONS. Defines "employee," "employer," and "employment benefit."

Sec. 83.002. PROHIBITION AGAINST MUNICIPALITY OR COUNTY REQUIRING CERTAIN EMPLOYMENT BENEFITS OR POLICIES. (a) Prohibits a municipality or county from adopting or enforcing an ordinance, order, rule, regulation, or policy requiring any terms of employment that exceed or conflict with federal or state law relating to any form of employment leave, hiring practices, employment benefits, or scheduling practices.

(b) Provides that any provision of an ordinance, order, rule, negotiation, or policy that violates Subsection (a) is void and unenforceable.

(c) Provides that this chapter does not affect:

(1) the Texas Minimum Wage Act under Chapter 62 (Minimum Wage);

(2) the authority of a municipality or county to negotiate the terms of employment with employees of the municipality or county;

(3) employment and safety protections afforded by state and federal law to employees and prospective employees;

(4) an ordinance, order, rule, regulation, or policy relating to terms of employment in contracts or agreements entered into between a private entity, including an organization representing city employees or county employees, and a governmental entity, regardless of whether the ordinance, order, rule, regulation, or policy is adopted before, on, or after September 1, 2023; or

(5) a contract or agreement relating to terms of employment voluntarily entered into between a private employer or entity and governmental entity.

SECTION 2. Provides that Chapter 83, Labor Code, as added by this Act, applies to an ordinance, order, rule, regulation, or policy adopted before, on, or after the effective date of this Act.

SECTION 3. Effective date: September 1, 2023.