

BILL ANALYSIS

C.S.H.B. 3171
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Intergovernmental Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Supreme Court recently struck down a city charter amendment passed by Houston voters, which set a floor for firefighter pay, ruling that the city charter was inconsistent with the Fire and Police Employee Relations Act. The bill author has informed the committee that this ruling inadvertently invalidated the binding arbitration provisions that seven local fire departments had achieved either through a city charter amendment or through their collective bargaining agreements, and now these departments desire the restoration of the bargaining impasse tools they had in place before the court's ruling. C.S.H.B. 3171 seeks to address this issue by clarifying guidelines and standards regarding compensation and employment conditions for municipal employees through charters or collective bargaining agreements, including the dispute resolution process.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3171 amends the Local Government Code to set out provisions relating to compensation and employment condition standards by municipal charter or collective bargaining agreement and to impasse resolution in collective bargaining with certain political subdivisions.

Other Impasse Resolution for Fire Fighters Under Municipal Charter or Collective Bargaining Agreement

C.S.H.B. 3171 requires a public employer and an association that is a bargaining agent for firefighters to submit to the impasse resolution mechanism contained in the charter or agreement, as applicable, if the parties reach an impasse in collective bargaining or are unable to settle after the 61st day after the date the appropriate lawmaking body fails to approve a contract reached through collective bargaining. That requirement applies under the following circumstances:

- if a municipality has a charter that provides for the resolution of an impasse in a collective bargaining process involving a public employer of the municipality and an association that is a bargaining agent for employees of the public employer, that public employer and bargaining agent; or

- if a collective bargaining agreement is in effect and provides for the resolution of an impasse in a collective bargaining process involving a public employer of a political subdivision and an association that is the bargaining agent for the firefighters of the public employer, that public employer and bargaining agent.

The bill establishes that these provisions do not apply to a municipality or association to which the bill's provisions relating to arbitration in certain municipalities apply and that the provision relating to arbitration does not apply to the impasse resolution mechanism unless the charter or agreement, as applicable, specifically provides otherwise. To the extent of any conflict, the charter or agreement, as applicable, prevails over any of the bill's provisions.

Arbitration in Certain Municipalities

C.S.H.B. 3171 requires a municipality with a population of more than 950,000 and less than 1,050,000 and an association that is a bargaining agent for the employees of a fire department of such a municipality to submit to binding interest arbitration if the parties have reached an impasse in collective bargaining. The bill authorizes such a municipality or association to request arbitration after the party provides written notice to the other party specifying the issues in dispute. The bill requires the parties, if a party requests arbitration, to submit all issues in dispute to arbitration not later than the 45th day after the date the other party received the requesting party's written arbitration request.

C.S.H.B. 3171 requires each party, not later than the fifth day after the date an agreement to arbitrate is executed, to select one arbitrator and immediately notify the other party in writing of the name and contact information of the arbitrator selected. The bill requires the arbitrators, not later than the 10th day after the date arbitrators are selected, to attempt to select a third, neutral arbitrator to form a three-person arbitration board. The bill requires the parties, if the arbitrators are unable to agree on a third arbitrator, to request a list of nine qualified neutral arbitrators from the American Arbitration Association. The parties may agree on one of the nine neutral arbitrators on the list.

C.S.H.B. 3171 requires each party, if the parties do not agree within five days after the date they receive the list, to alternate striking a name from the list, and the name remaining is the third arbitrator. The bill establishes that the third arbitrator selected presides over the arbitration board. A decision made by the arbitration board at any stage of the arbitration process must be determined by majority vote of the arbitrators on the board.

C.S.H.B. 3171 establishes that provisions relating to the mediation of arbitration do not apply to arbitration conducted under these provisions. The bill establishes that arbitration under these provisions must be conducted in accordance with provisions governing arbitration hearing proceedings. The bill establishes that an award of an arbitration board may be reviewed by a district court in accordance with provisions relating to the judicial review of an arbitration award. The bill establishes that the arbitration board, in making an award, may consider only the following:

- the history of collective bargaining agreements and negotiations between the parties;
- compensation and conditions of employment that prevail in comparable public sector employment in other municipalities;
- the rate of increase or decrease in the cost of living for the municipality's metropolitan area as determined by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), adjusted as necessary to account for housing and tax costs in the metropolitan area and other relevant local factors;
- certain conditions of employment, including hazards of employment, physical qualifications, educational qualifications, mental qualifications, job training, skills, employee morale, and any other factors with respect to a condition of employment the arbitration board determines to be relevant to the issues raised by the parties; and
- revenues available to and contractual obligations of the municipality and the impact of any arbitration ruling on the taxpayers of the municipality.

Applicability

C.S.H.B. 3171 validates impasse resolution provisions provided in a municipal charter, collective bargaining agreement, or arbitration award that are in effect on the bill's effective date, and applies to collective bargaining negotiations in progress on the bill's effective date or started on or after the bill's effective date. The bill's provisions are not grounds to challenge a collective bargaining agreement or arbitration award that was entered into or awarded before the bill's effective date.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3171 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute omits the following provisions present in the introduced:

- provisions establishing that a political subdivision that employs firefighters is considered to be in compliance with the prevailing wage and working conditions standards required by The Fire and Police Employee Relations Act if the political subdivision provides those firefighters with compensation and other conditions of employment that comply with the standards for compensation and other conditions of employment contained in the municipality's charter, if the political subdivision is a municipality, or in a collective bargaining agreement, if such an agreement is in effect;
- provisions expanding the criteria the arbitration board is required to consider in settling disputes relating to compensation, hours, and other conditions of employment to include a municipality's charter or a collective bargaining agreement to the extent applicable; and
- the requirement for an arbitration award to be made effective for the period, which may exceed one year, for which the public employer and the association are bargaining.

The substitute includes a provision not in the introduced establishing that the bill's provisions relating to other impasse resolutions for firefighters under municipal charter or collective bargaining agreements do not apply to a municipality or association that is a bargaining agent for employees of a public employer to which the bill's provisions relating to arbitration in certain municipalities apply.

The substitute includes the following provisions not in the introduced with respect to arbitration in the applicable municipality:

- the requirement for a municipality with a population of more than 950,000 and less than 1,050,000 and an association that is a bargaining agent for the employees of a fire department of such a municipality to submit to binding interest arbitration if the parties have reached an impasse in collective bargaining;
- provisions establishing the arbitration board;
- provisions establishing the arbitration process and the process of judicial review; and
- provisions establishing that the arbitration board may consider only certain factors in making an award of arbitration.

Whereas the introduced established the applicability of the bill's provisions to a municipal charter, collective bargaining agreement, or arbitration award that is in effect on or after the bill's effective date, the substitute instead establishes the applicability to collective bargaining

negotiations in progress on the bill's effective date or started on or after the bill's effective date. The substitute includes provisions not in the introduced establishing the following:

- the bill's provisions validate impasse resolution provisions provided in a municipal charter, collective bargaining agreement, or arbitration award that are in effect on the bill's effective date; and
- the bill's provisions are not grounds to challenge a collective bargaining agreement or arbitration award that was entered into or awarded before the bill's effective date.