

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 11, 2025

TO: Honorable Angie Chen Button, Chair, House Committee on Trade, Workforce & Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB5118 by Bhojani (relating to a study on employer and state agency use of automated employment decision tools in assessing an applicant's suitability for a position.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB5118, Committee Report 1st House, Substituted: a negative impact of (\$1,215,000) through the biennium ending August 31, 2027.

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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2026	(\$1,215,000)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund
1	
2026	(\$1,215,000)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

Fiscal Analysis

This bill would require the Texas Workforce Commission (TWC) and the Department of Information Resources (DIR) to conduct a study on the use of artificial intelligence (AI) systems and automated employment decision tools (AEDT) in employer and state agency hiring practices. The bill mandates TWC to adopt rules for the administration of the chapter.

The bill would require TWC to submit a report to the Governor, Lieutenant Governor, Speaker of the House,

and legislative committee chairs by November 15, 2026, including study results, recommendations for legislative action, a sector-specific risk assessment, and a funding proposal for future AI bias research.

Methodology

Based on the analysis of TWC, the agency would need \$1,215,000 in one-time funding to hire a contractor to conduct the study in fiscal year 2026 to meet the deadline required in the bill.

Based on the analysis of DIR, this estimate assumes no significant fiscal impact to the state for the agency to implement the bill's provision.

Technology

TWC does not anticipates information technology expenditures.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 313 Department of Information Resources, 320 Texas Workforce Commission

LBB Staff: JMc, JPE, GDZ, JBel, RStu