

BILL ANALYSIS

H.B. 1668
By: Workman
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties explain that, in general, the Texas Workers' Compensation Act provides that a subcontractor and the subcontractor's employees are not employees of a general contractor for purposes of workers' compensation insurance coverage if the subcontractor is operating as an independent contractor and has entered into a written agreement with the general contractor evidencing that the subcontractor assumes the responsibilities of an employer for the performance of work. However, the parties further explain, it is a common feature of construction projects for a general contractor and a subcontractor, as allowed by statute, to enter into a written agreement under which the general contractor provides workers' compensation insurance coverage to the subcontractor and the subcontractor's employees, therefore making the subcontractor or subcontractor's employees "deemed" employees of the general contractor for purposes of workers' compensation coverage. Interested parties are concerned, however, that a court in Texas recently opined that these provisions of the Texas Workers' Compensation Act irreconcilably conflict. This opinion has created uncertainty regarding the status of contractors and their employees under consolidated insurance programs, some of which have been in place for many years. H.B. 1668 seeks to clarify the law in this regard.

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

H.B. 1668 amends the Labor Code to make a specification that a subcontractor and the subcontractor's employees are not employees of a general contractor for purposes of the Texas Workers' Compensation Act if certain conditions apply contingent on the general contractor and subcontractor not having entered into a written agreement under which the general contractor provides workers' compensation insurance coverage to the subcontractor and the subcontractor's employees.

EFFECTIVE DATE

September 1, 2015.