

BILL ANALYSIS

Senate Research Center
77R2297 MI-D

H.B. 3055
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Intergovernmental Relations
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Engrossed

DIGEST AND PURPOSE

Most contractors provide workers' compensation insurance for their crews as a normal business expense and calculate their project bids accordingly. In a county construction project, this increased bid price is passed along to the county and paid for by the county taxpayers. To save money, some counties would prefer to provide workers' compensation insurance themselves through an owner-controlled insurance program (OCIP). This can actually lower the cost to the county because it may be less expensive for the county to provide insurance for construction workers than it is for a contractor. OCIPs also benefit contractors with small businesses who may not be able to afford workers' compensation insurance. However, a county may have difficulty finding funding for an OCIP. Under a regular construction contract, a contractor pays for the insurance and passes the cost along in the price of the contractor's bid. The county pays for the construction, including insurance, through bonds or certificates of obligation issued to fund the project. Under current law, OCIPs cannot be funded by bonds or certificates, so the county must raise the money from the county's general fund. H.B. 3055 authorizes a county to issue bonds or certificates of obligation to pay for an OCIP in conjunction with a county construction project.

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 Title 9D, Government Code, by adding Chapter 1303, as follows:

CHAPTER 1303. OTHER USE OF COUNTY BOND PROCEEDS

Sec. 1303.001. **USE OF BOND PROCEEDS FOR OWNER-CONTROLLED INSURANCE PROGRAM.** Authorizes a county to use the proceeds of bonds or certificates of obligation issued to pay for a county construction project to pay for an owner-controlled insurance program under which the county establishes and administers a consolidated insurance program for the project if the county's order authorizing the issuance of the bonds or other certificates of obligation authorizes the establishment of the program.

SECTION 2. Effective date: September 1, 2001.