

SUBJECT: Creating a safety reimbursement program for certain employers

COMMITTEE: Business and Industry — committee substitute recommended

VOTE: 5 ayes — Oliveira, Collier, Fletcher, Romero, Villalba
2 nays — Simmons, Rinaldi

WITNESSES: For — (*Registered, but did not testify:* Lee Ann Alexander, Liberty Mutual Insurance; Paul Martin, National Association of Mutual Insurance Companies; Annie Spilman, National Federation of Independent Business/TX; Joe Woods, Property Casualty Insurers Association of America; Leonard Aguilar, Southwest Pipe Trades Association; Rick Levy, Texas AFL-CIO; Scott Norman, Texas Association of Builders; Cathy Dewitt, Texas Association of Business; Pam Beachley, Texas Cotton Ginners’ Trust; Jo Betsy Norton, Texas Mutual Ins. Co.; Fabiola Flores, Texas Worker Advocates; Maxie Gallardo, Workers Defense Project)

Against — None

On — (*Registered, but did not testify:* Amy Lee, Texas Department of Insurance, Division of Workers’ Compensation)

DIGEST: CSHB 2466 would create a workers’ compensation safety reimbursement program. The program would apply to “eligible employers.” An eligible employer would be defined as an employer, other than the state of Texas or a political subdivision of Texas, that had workers’ compensation insurance coverage and that employed between two and 50 employees during the prior calendar year, or was a type of employer designated as eligible by the commissioner of workers’ compensation.

The program would reimburse eligible employers for expenses incurred to facilitate safe and healthy workplaces for their employees. An eligible employer could receive no more than \$5,000 per year in reimbursement for allowable expenses, including physical modifications to the worksite,

safety equipment, and safety training for employees.

CSHB 2466 would require the commissioner to fund the program with administrative penalties collected by the workers' compensation division Texas Department of Insurance. The commissioner would be required to deposit annually the first \$100,000 of those penalties into the general revenue fund to the credit of the Texas Department of Insurance operating account. Money for the program could be spent by the division, on appropriation by the Legislature, only for the purposes of implementing the program, and only to the extent that funds were available.

The bill would require the commissioner to establish by rule an optional preauthorization plan for eligible employers to submit proposals to the division that described the intended workplace modifications and other changes. If the division approved a proposal submitted for preauthorization, the division would guarantee reimbursement of the expenses incurred by the employer in implementing the proposed modifications or changes. The division would not be required to reimburse the employer for modifications or changes that materially differed from the employer's proposal.

CSHB 2466 would require the commissioner to report to the governor, the lieutenant governor, the speaker of the House, and members of the Legislature by December 1, 2018, on the implementation of the program, the results of the program, and recommendations regarding the continuation of the program, including any necessary changes to enhance the effectiveness of the program.

As soon as practicable after the effective date of the bill, the commissioner would be required to adopt rules establishing the program, including requirements for eligible employer applications and appropriate use of allocated funds. Insurance companies would be required to notify employers about the program as provided by the commissioner's rules. The division would be required to implement the program beginning January 1, 2016.

CSHB 2466 would take effect September 1, 2015, and would not apply to costs incurred by an eligible employer before January 1, 2016.

**SUPPORTERS
SAY:**

CSHB 2466 would help small employers and certain high-risk industries provide a safer workplace for their employees, which would lower work-related injuries and deaths. Small businesses often cannot afford changes to the workplace, even if those changes would increase employee safety. The bill would give businesses more incentive to make their workplaces safer because they could receive reimbursement for certain costs to implement small but important changes.

While injured employees might be able to sue their employers for work-related injuries, lawsuits can be expensive and time-consuming. The goal of the bill is to prevent employees from being injured in the first place.

**OPPONENTS
SAY:**

CSHB 2466 would be unnecessary because businesses already have an incentive to maintain safe workplaces in the form of potential lawsuits brought by employees for work-related injuries. The bill would unnecessarily regulate the workplaces of private businesses. Workplace safety is not really within the government's role to regulate and has been improving consistently on its own for years.

NOTES:

The Legislative Budget Board's fiscal note estimates that the bill would have a negative net impact to general revenue of \$200,000 in fiscal 2016-17.