

- SUBJECT:** Requiring neutrality on labor agreements for public works contracts
- COMMITTEE:** Economic and Small Business Development — favorable, without amendment
- VOTE:** 6 ayes — Button, C. Anderson, Faircloth, Isaac, Metcalf, Villalba
- 0 nays
- 3 absent — Johnson, E. Rodriguez, Vo
- WITNESSES:** For — Gary Roden and Jon Fisher, Associated Builders and Contractors of Texas (*Registered, but did not testify*: Michael Chatron, AGC Texas Building Branch; Annie Spilman, National Federation of Independent Business in Texas; Cathy Dewitt, Texas Association of Business; Perry Fowler, Texas Water Infrastructure Network (TXWIN); Hector Uribe, United States Hispanic Contractors Association)
- Against — Rick Levy, Texas AFL-CIO; Michael Cunningham, Texas State Building and Construction Trades Council (*Registered, but did not testify*: Doug Smolka, Building Trades; Scotty Quick and Clint Matthews, Elevator Constructors; Joe Cooper, Local 286 Plumbers And Pipefitters; Thomas Dodd, Plumbers Local 286; Gilbert Garcia, Sheet Metal Workers Local 67; James Davis, SMART Local 67; Leonard Aguilar, Southwest Pipe Trades Association; John Patrick, Texas AFL-CIO; Paula Littles, Texas NNOC; Maxie Gallardo, Workers Defense Project; Carl Betancourt)
- BACKGROUND:** Project labor agreements are pre-hire collective bargaining agreements that establish employment terms and conditions for one or more construction projects.
- DIGEST:** HB 996 would prohibit higher education institutions and government entities from prohibiting, requiring, discouraging, or encouraging contractors or subcontractors from entering into or adhering to an agreement with a collective bargaining organization for projects that were

funded with state money, including state-guaranteed debt. The bill also would prohibit higher education institutions and government entities from discriminating against contractors and subcontractors who were involved in a project labor agreement.

The bill could not be construed to prohibit activity protected by or permit conduct prohibited under the National Labor Relations Act.

The bill would apply only to public works contracts for which an invitation for offers, request for proposals, or other similar solicitations were first distributed on or after the bill's effective date.

HB 996 would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.

**SUPPORTERS
SAY:**

HB 996 would ensure that public works contracts were awarded based on who could deliver the best product at the most competitive price, regardless of their collective bargaining status.

When an entity enters into a project labor agreement, a labor union becomes the contact point for all workers, negotiating terms and conditions for contractors and subcontractors. This can put the state in the position of paying into union funds and supporting outdated apprenticeship practices. HB 996 still would allow the state to offer the contract to a unionized contractor who could provide the best deal. Once a unionized contractor had won a bid the contractor could institute a project labor agreement, but the state could not show a preference for a project labor agreement during the bidding.

The decision whether to enter into a project labor agreement should be up to contractors, not the state. Other states have recognized the need for neutrality in public works contracts, and more than 20 have adopted similar legislation, seven of them during the past two years.

The bill would not be an attack on unions. Its language would prohibit

public works contracting from favoring unions but also prohibit discriminating against unions. It also would not apply to projects funded entirely by local government entities.

OPPONENTS
SAY:

HB 996 would limit the tools that universities, cities, and the state could use to supervise and administer public works contracts. Many large companies already recognize the value of project labor agreements to ensure that large construction projects are completed carefully and without incident. These projects can require thousands of laborers completing millions of hours of work. Project labor agreements provide a framework for the lifespan of a project that includes such terms as limiting a union's ability to go on strike during the project, what services workers will be guaranteed, and how disputes between subcontractors would be resolved.

A project labor agreement would not affect Texas' right-to-work status. If a nonunion worker applied to work on a construction site that was governed by a project labor agreement, the union could not discriminate against the worker based on the worker's nonunion status, so union and nonunion workers alike would benefit from the project labor agreement.

There is no pressing need for the bill, and it would reduce the ability of universities, cities, and the state to consider whether a project labor agreement would be suitable for a particular project in the future.