

- SUBJECT:** Eliminating a workers' compensation reporting requirement
- COMMITTEE:** Business and Industry — favorable, without amendment
- VOTE:** 8 ayes — Martinez Fischer, Darby, Beckley, Collier, Landgraf, Moody, Parker, Patterson
- 0 nays
- 1 absent — Shine
- WITNESSES:** For — (*Registered, but did not testify:* Jon Fisher, Associated Builders and Contractors of Texas; Barbara Salyers, Texas Mutual Insurance Company)
- Against — None
- On — Amy Lee, Texas Department of Insurance-Division of Workers' Compensation
- BACKGROUND:** Labor Code sec. 406.145 allows a hiring contractor and an independent subcontractor in the residential or commercial construction trades to make a joint agreement declaring that the subcontractor is an independent contractor and not the employee of the hiring contractor. When signed by both parties and filed with the Texas Department of Insurance's Division of Workers' Compensation (DWC), this agreement exempts a hiring contractor from providing workers' compensation insurance coverage to the subcontractor.
- A hiring contractor and independent contractor may make a subsequent hiring agreement to which the earlier agreement does not apply. When this happens, the two parties must notify DWC, and the hiring contractor's workers' compensation insurance carrier.
- It has been suggested that this notification is not useful to DWC and represents an obsolete reporting requirement.

DIGEST:

HB 1665 would eliminate the requirement for a hiring contractor and independent contractor to notify the Division of Workers' Compensation at the Texas Department of Insurance when they made a hiring agreement excepting themselves from an earlier agreement affirming the independent relationship between them. Notification of such a hiring agreement would have to be provided at the division's request.

The bill would apply to notification requirements to be provided on or after the effective date of the bill.

The bill 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, 2019.