

- SUBJECT:** Requiring neutrality on labor agreements for public works contracts
- COMMITTEE:** State Affairs — favorable, without amendment
- VOTE:** 8 ayes — Phelan, Harless, Holland, Hunter, P. King, Parker, Smithee, Springer
- 3 nays — Deshotel, Raymond, E. Rodriguez
- 2 absent — Hernandez, Guerra
- WITNESSES:** For — Gary Roden and Jon Fisher, Associated Builders and Contractors of Texas; (*Registered, but did not testify:* Rita Conner, Associated Builders and Contractors of Texas; David Smith, Associated Builders and Contractors; Steven Schultz, Associated Builders and Contractors South Texas Chapter; Corbin Van Arsdale, Associated General Contractors-Texas Building Branch; CJ Tredway, Independent Electrical Contractors of Texas; Annie Spilman, National Federation of Independent Business; James Hines, Texas Association of Business; Perry Fowler, Texas Water Infrastructure Network; Jason Vaughn, Texas Young Republicans; Tracey Littlefield; Nathaniel Peniston; Clayton Utkov; Shad Zapalac)
- Against — Paul Puente, Houston Gulf Coast Building and Construction Trades Council; Leonard Aguilar, Southwest Pipe Trades Association; Phil Bunker, Teamsters Joint Council 58; Rick Levy, Texas AFL-CIO; Ronnie Smitherman, Texas Building Trades; Jeremy Hendricks; (*Registered, but did not testify:* Montserrat Garibay and Rene Lara, Texas AFL-CIO; David Lopez, Texas Building Trades; Ana Gonzalez; Edward Sills)
- DIGEST:** HB 985 would prohibit a governmental entity or an institution of higher education from prohibiting, requiring, discouraging, or encouraging a contractor or subcontractor from entering into or adhering to an agreement with a collective bargaining organization for a state-funded project, including state-guaranteed debt.

A governmental body or an institution of higher education also could not discriminate against a contractor or subcontractor based on involvement in an agreement, including the contractor's or subcontractor's status or lack of status as a party to the agreement or willingness or refusal to enter into the agreement.

HB 985 would not prohibit activity protected by or permit conduct prohibited under the National Labor Relations Act.

The bill would apply only to a public work contract for which an invitation for offers, request for proposals, or other similar solicitation was first published or distributed on or after the bill's effective date.

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.

**SUPPORTERS
SAY:**

HB 985 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.

The bill simply would create a level playing field in public works contracts by taking the labor issue out of those awarded using state money. Project labor agreements can limit competition by narrowing the number of construction companies that can bid on a project and show preference to companies who use a unionized workforce. Limiting competition reduces the quality and efficiency of the delivered product. HB 985 would leave the issue of organized labor out of awarding public contracts, allowing entities to focus on the aspects of a bid related to product quality.

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 985 still would allow the state to offer the

contract to a unionized contractor that 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 have adopted similar legislation.

The bill would not unfairly target 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 985 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.