

BILL ANALYSIS

Senate Research Center

S.B. 445
By: Haywood
Economic Development
3-17-97
As Filed

DIGEST

Currently, Workers' Compensation Insurance Coverage, codified in Chapter 406 of the Labor Code, does not provide the conditions under which certain oil and gas well workers or service providers are independent contractors. In the oil and gas production business, it is common for an operator of an oil and natural gas well to hire an individual to perform certain services on the well. The hired individual is usually an independent contractor who is in business as a sole proprietor and does not have any employees. Under recent interpretations of the Labor Code, the operator is being required to provide workers' compensation insurance coverage for the hired individual. The operator does not pay employment taxes or withhold FICA or federal income taxes for that individual since that individual is not the operator's employee. This bill would set forth the conditions under which such an individual is an independent contractor in regard to the operator for purposes of workers' compensation insurance coverage.

PURPOSE

As proposed, S.B. 445 sets forth the conditions under which a person who performs work or provides a service for an oil or gas well operator is an independent contractor for purposes of workers' compensation insurance coverage.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 406.122, Labor Code, by adding Subsection (d), to set forth the conditions under which a person who performs work or provides a service for an oil or gas well operator is an independent contractor for purposes of workers' compensation insurance coverage.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.