

BILL ANALYSIS

H.B. 2732
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Economic & Small Business Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

As the state agency charged with operating the Texas unemployment compensation program, the Texas Workforce Commission (TWC) must ensure that the program operates in conformity with applicable federal laws governing state unemployment compensation programs. If the state's unemployment compensation laws are not in conformity with federal law, the state runs the risk of losing federal funding. There are concerns that recently enacted federal legislation requires states to submit certain types of debt for offset recovery via the federal Treasury Offset Program, but that the TWC does not currently have the authority to comply with the new federal legislation. H.B. 2732 seeks to remedy this situation by harmonizing state law with newly enacted federal law.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2732 amends the Labor Code to authorize the Texas Workforce Commission (TWC) to collect the following covered unemployment compensation debt through the federal Treasury Offset Program: a past-due debt for erroneous payment of benefits due to fraud or due to a person's failure to report earnings, even if non-fraudulent, that has become final under law and remains uncollected; a past-due employer contribution owed to the unemployment compensation fund for which the TWC has determined the person to be liable and that remains uncollected; and any penalties and interest assessed by the TWC on the specified past-due debt or employer contribution.

H.B. 2732 requires the TWC, before submitting covered unemployment compensation debt for recovery under the program, to notify the debtor by regular United States mail that the TWC plans to recover the debt through the offset of any federal tax refund; to provide the debtor at least 60 days following the date the notice is provided to present to the TWC evidence that all or part of the debt is not legally enforceable, due to fraud or unreported earnings, or a contribution owed to the compensation fund; and to consider any evidence presented by the debtor to determine the amount of debt that is legally enforceable and owed. The bill authorizes the TWC, in considering the evidence presented by the debtor, to determine only whether the debtor has demonstrated that the debt is not subject to recovery through the program so that the TWC is able to minimize erroneous offsets. The bill prohibits the TWC from reviewing the initial determination establishing the debtor's liability.

H.B. 2732 requires the TWC to assess against the debtor the cost of any administrative fee charged by the U. S. Department of the Treasury for each offset and authorizes the TWC to add the assessed amount to the covered unemployment compensation debt that is offset under the program.

EFFECTIVE DATE

September 1, 2015.