

BILL ANALYSIS

C.S.H.B. 7
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International Relations & Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The COVID-19 pandemic put many Texans out of work, resulting in hundreds of thousands of Texans relying on unemployment benefits to make ends meet. Concerns have been raised about the fact that without statutory changes the unusually high number of Texans who drew unemployment benefits in 2020 will cause a significant increase to the 2021 unemployment insurance tax rate. It has been noted that while the Texas Workforce Commission (TWC) has the discretion to adjust certain aspects of the formula used to calculate that tax rate, the TWC does not currently have the authority to adjust the formula to exclude certain benefits paid during a state of disaster or emergency when a dramatic increase in reliance on unemployment benefits would be expected. C.S.H.B. 7 seeks to provide the TWC this authority.

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

C.S.H.B. 7 amends the Labor Code to require the Texas Workforce Commission, in computing the replenishment ratio used to determine an experience-rated employer's unemployment compensation contribution tax rate, to exclude the amount of unemployment benefits paid and not effectively charged to an employer's account as a result of an order or proclamation by the governor declaring at least 50 percent of Texas counties to be in a state of disaster or emergency.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, October 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 7 differs from the original by amending the caption and by making nonsubstantive changes in the procedural provision.