

BILL ANALYSIS

H.B. 2907
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Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

During the COVID-19 pandemic, several areas of the Texas unemployment insurance system were tested in new ways. With additional federal money added to claim payments, unemployment insurance benefits became an attractive target for fraud. Under current law, an individual can request details on the fraud detection and prevention methods of the Texas Workforce Commission (TWC) through a public information request. The agency is obligated to provide the information, which can then be used to circumvent the fraud detection and prevention methods. Additionally, under current law, TWC is not able to issue a fraud determination to someone who is not a claimant for benefits. H.B. 2907 seeks to ensure the integrity of the unemployment insurance system and the claims filing process by providing an exception to state public information law requirements for TWC's fraud detection and prevention-related information. The bill also requires an individual to verify their identity as a condition of eligibility for unemployment compensation benefits and sets out provisions relating to a person who makes a materially false statement or misrepresentation to obtain such benefits in the name of another person.

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 rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 2 of this bill.

ANALYSIS

H.B. 2907 amends the Labor Code to condition an individual's eligibility to receive unemployment compensation benefits on the individual verifying their identity in accordance with rules adopted by the Texas Workforce Commission (TWC), which may include requiring the individual to verify their identity by telephone or other electronic means, by an in-person meeting, or through an application developed by a third-party vendor. The bill does the following with respect to a person who intentionally or knowingly makes a materially false statement or misrepresentation to obtain such benefits in the name of another person:

- establishes that the person forfeits the benefit received and rights to benefits that remain in the benefit year in which the false statement or misrepresentation occurred;
- makes the person liable for the amount of the benefit received, which may be recovered in the manner provided by applicable statutory provisions; and
- subjects the person to a penalty, to be deposited in the unemployment compensation fund, in an amount equal to 15 percent of the amount of benefits forfeited.

The bill replaces the authorization for TWC to collect a penalty assessed on a person in connection with benefits forfeited due to certain acts of fraud in the manner provided for

collection by means of a civil suit, notice of assessment, or surety bond with an authorization to collect the penalty in the manner provided under statutory provisions relating to the recovery of benefits by TWC, which gives TWC the option to collect a refund from a claimant or deduct from future benefits as an alternative to collecting through civil suit, notice of assessment, or surety bond.

H.B. 2907 establishes that any information that may reveal the methods or means by which TWC prevents, investigates, or evaluates fraud in its administration of the Texas Unemployment Compensation Act is not public information for purposes of state public information law and is excepted from the public availability requirement of that law.

H.B. 2907 applies only to a claim for unemployment compensation benefits filed with TWC on or after the bill's effective date.

EFFECTIVE DATE

September 1, 2023.