

SUBJECT: Unemployment chargeback exemption for certain part-time employees

COMMITTEE: Economic Development — favorable, without amendment

VOTE: 6 ayes — Deshotel, Straus, Kolkhorst, Dunnam, Morrison, Ortiz

0 nays

1 absent — Veasey

SENATE VOTE: On final passage, April 12 — 31-0, on Local and Uncontested Calendar

WITNESSES: None

BACKGROUND: Labor Code, ch. 204 governs the Texas unemployment compensation contribution system. Sec. 204.021 states that benefits paid to a claimant are charged back to the account of the claimant's former employer. An employer's unemployment compensation rate is calculated according to the history of unemployment claims against that employer. Benefits paid to a claimant are counted as "chargebacks" against the employer's account. An employer's unemployment insurance premiums rise if a former employee receives benefits from the unemployment compensation fund. A claim filed against an employer remains on the employer's account for three years.

Sec. 204.022(a) allows unemployment benefits paid to employees to be exempted from chargebacks against the employer's account under certain circumstances, including if the termination was required by law or due to an officially declared disaster. The additional cost of providing unemployment benefits to these claimants is paid by all contributors to the unemployment insurance system.

DIGEST: SB 1152 would amend Labor Code, sec. 204.022 to stipulate that an employer would be exempt from a chargeback assessment for an employee's unemployment insurance compensation if the employee:

- was employed on a part-time basis by the employer on the date the employee became eligible for unemployment compensation

benefits as a result of losing full-time employment with a different employer; and

- continuously had remained employed by the employer on a part-time basis since that date.

The bill would take effect September 1, 2007, and would apply only to a claim for unemployment compensation benefits that was filed with the Texas Workforce Commission on or after that date.