

BILL ANALYSIS

Senate Research Center

H.B. 565
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Economic Development
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Engrossed

DIGEST

Currently, the Texas Unemployment Compensation Act is required to conform to federal law; however, the U.S. Department of Labor recently determined that the Act conflicts with federal requirements because it denies unemployment benefits to individuals who cause their own unemployment by their involvement in the sale of a business. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, enacted on August 22, 1996 by the U.S. Congress, mandates that state unemployment compensation laws require that food stamp over-issuances to a household be deducted from unemployment benefits payable to a member of the household. H.B. 565 would clarify eligibility for unemployment benefits following the sale of a business and provide for withholding uncollected food stamps over-issuances from unemployment benefits.

PURPOSE

As proposed, H.B. 565 establishes eligibility for and payment of unemployment compensation benefits.

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 204.022(a), Labor Code, to prohibit benefits computed on benefit wage credits of an employee or former employee from being charged to the employer's account if the employee's last separation from employment before the employee's benefit year would have disqualified the employee or imposed a disqualification under Section 207.051, Labor Code.

SECTION 2. Amends Section 207.051, Labor Code, to provide that an individual is disqualified for benefits if the individual left the individual's last work because of the sale of certain entities, rather than disqualifying an individual after the sale of those entities. Provides that disqualification under this section continues until the individual has returned to employment and worked for six weeks or earned wages equal to six times the individual's benefit amount. Deletes the provision establishing the terms by which the disqualification is effective.

SECTION 3. Amends Chapter 207, Labor Code, by adding Subchapter G, as follows:

SUBCHAPTER G. WITHHOLDING FROM UNEMPLOYMENT BENEFITS FOR UNCOLLECTED OVERISSUANCES OF FOOD STAMPS

Sec. 201.111. DEFINITIONS. Defines "state agency," "uncollected overissuance," and "unemployment benefits."

Sec. 207.112. APPLICATION. Sets forth the application of this subchapter.

Sec. 207.113. REQUIRED DISCLOSURE; NOTICE TO FOOD STAMP AGENCY. Requires an individual who files a new claim for unemployment benefits to disclose whether the individual owes an uncollected overissuance. Requires the Texas Workforce Commission (commission) to notify the state agency of the identity of a person who discloses that he or

she owes an uncollected overissuance.

Sec. 207.114. WITHHOLDING. Requires the commission to deduct and withhold a certain amount from unemployment benefits payable to an individual who owes an uncollected overissuance. Requires the commission to pay any amount deducted and withheld under this section to the state agency in this state. Requires the amount deducted and withheld to be treated as if it were paid to the individual as unemployment benefits and submitted by that individual to the state agency as repayment of the individual's uncollected overissuance.

SECTION 4. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 5. Emergency clause.