

BILL ANALYSIS

Senate Research Center
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H.B. 3449
By: Gutierrez (Lucio)
Economic Development
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Engrossed

DIGEST

Currently, employers pay into the unemployment fund based on a variable rate scale. The Texas Workforce Commission (commission) computes each employer's tax rate by dividing the amount of money that the state pays in claims against that employer by the amount of taxable income that the employer paid in the same period. The commission then sets a minimum and maximum tax rate. This year, the minimum is 0.24 percent and the maximum is 6.24 percent. The law currently gives cotton ginning employers the choice to pay the rate that the commission computes or a flat rate of 5.4 percent, but the employers must choose which they will pay in advance. Cotton ginning employers are given this option because, by nature, they only employ people seasonally. Other crop preparation employers are not given the same option even though they are primarily seasonal employers as well. H.B. 3449 extends this exemption to fruit and vegetable packing sheds that perform the same functions as cotton gins but on crops other than cotton.

PURPOSE

As proposed, H.B. 3449 extends the choice of certain employers to pay the rate that the Texas Workforce Commission computes or a flat rate of 5.4 percent to fruit and vegetable packing sheds.

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 204.007, Labor Code, as follows:

Sec. 204.007. New heading: SPECIAL RATE; CERTAIN EMPLOYERS ENGAGED IN AGRICULTURE. Provides that this section applies to an employer identified by the Texas Workforce Commission as classified in the Standard Industrial Classification Manual published by the United States Office of Management and Budget as Number 0723, crop preparation services for market. Authorizes an employer subject to this section to elect to pay a contribution at a total fixed rate of five and four-tenths percent instead of paying a contribution computed on the specified tax rates. Makes conforming changes.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.