

BILL ANALYSIS

Senate Research Center
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S.B. 698
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Economic Development
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As Filed

DIGEST

Currently, an employer pays a certain initial rate for an employee's unemployment insurance. The employer pays either a rate assigned to the employer's major industry group or 2.7 percent, whichever is greater. S.B. 698 would establish the initial unemployment insurance rate at the greater of 1 percent, if the employer employs 100 or fewer employees, or the rate assigned to the employer's major industry group.

PURPOSE

As proposed, S.B. 698 amends the employer unemployment insurance contribution rate to include an initial rate of 1 percent for a person who employs 100 or fewer employees.

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 204.006(a), Labor Code, to provide that a person, who employs 100 or fewer employees, pays an initial tax rate of one percent or the rate assigned to the employer's major industry group, whichever is greater.

SECTION 2. Effective date: September 1, 1999.
Makes application of this Act prospective to January 1, 2000.

SECTION 3. Emergency clause.