

BILL ANALYSIS

Senate Research Center

H.B. 1109
By: Goolsby (Carona)
Business & Commerce
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Engrossed

DIGEST AND PURPOSE

Under current law, employers of domestic service workers, such as nannies and live-in help, pay unemployment insurance taxes quarterly for each of their employees who make more than \$1,000 in a quarter. Paying these taxes quarterly is potentially inconvenient for these employers because they normally employ very few employees and may owe a very low amount. H.B. 1109 authorizes an employer of domestic service workers to pay unemployment tax contributions annually.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

H.B. 1109 amends the Labor Code to authorize an employer who employs a domestic service worker and is not otherwise considered an employer under the Texas Unemployment Compensation Act to annually report quarterly wages and pay contributions. An employer who elects to do so must make the election, which is not revocable before the second anniversary of the election date, not later than December 31 of the year before the first calendar year reported. Contributions become due and are required to be reported and paid by each employer not later than January 31 for wages paid for employment in the preceding calendar year. The bill also requires an employer to file, on the request of the Texas Workforce Commission (TWC), reports at other times as necessary to adjudicate a claim or to establish wage credits.

The bill requires TWC to estimate a contribution rate, subject to a correction when a final computation is made, if the rate takes effect during the preceding calendar year for an employer who becomes subject to contributions for the first time. The bill requires that any penalty or interest imposed on an employer who reports annually be computed in the same manner as for other types of employment.

The bill provides that, in computing the benefit ratio for employers who report annually, only taxable wages for which contributions have been paid to TWC on or before January 31 may be used. The bill provides that an employer who reports annually has the same computation date as other employers, but it is prohibited for the final computation of a rate for the employer to occur before February 1 of the year following the computation date.

Effective date: September 1, 2001.