

BILL ANALYSIS

Senate Research Center
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S.B. 679
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Unemployment Compensation Trust Fund (fund), maintained by the Texas Workforce Commission (TWC), has a statutory limit of two percent of taxable wages for the last four calendar quarters. When there is a surplus on this statutory limit, TWC is unable to use these excess funds to pay off any bond obligations or to grant surplus credit to Texas employers.

As proposed, S.B. 679 allows TWC to use surplus funds in the fund to pay outstanding bond obligations or to provide surplus credit or a surplus credit rate to eligible employers.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 203.102(a), Labor Code, to provide that the obligation trust fund is composed of revenue received under Section 203.105 (Unemployment Obligation Assessment), and any surplus revenue transferred from the compensation fund under Section 204.065.

SECTION 2. Amends Subchapter D, Chapter 204, Labor Code, by amending Section 204.065 and adding Sections 204.0651 and 204.0652, as follows:

Sec. 204.065. New heading: USE OF SURPLUS. (a) Authorizes the Texas Workforce Commission (TWC) to use all or part of a surplus to pay outstanding bond obligations as provided by this section or to provide a surplus credit or a surplus credit rate as provided by Sections 201.0651 and 204.0652 to an employer entitled to an experience rate on the computation date if the amount in the compensation fund on a tax rate computation date is more than the ceiling of the compensation fund.

(b) Authorizes TWC to transfer all or part of the surplus described by Subsection (a) to the obligation trust fund under Section 203.102 for payment of obligations if, on the tax rate computation date, there are outstanding bond obligations as described by Subchapter C (Advances from Federal Trust Fund and Obligation Assessment), Chapter 203, including bond administrative expenses. Prohibits the amount transferred under this subsection from exceeding any amount transferred to the unemployment compensation fund under Section 203.255(b)(2).

(c) Requires TWC to use any portion of the surplus that is not used to pay bond obligations to compute a surplus credit under Section 204.0651 or an annual surplus credit rate under Section 204.0652.

(d) Requires TWC, in determining the use of any surplus, to exercise the options that TWC determines to be in the best interests of the state's employers and workers.

Sec. 204.0651. SURPLUS CREDIT. (a) Authorizes TWC to use any portion of the surplus under Section 204.065 that is not used to pay bond obligations to compute a

surplus credit for an employer entitled to an experience rate on the computation date to be applied beginning with contributions for the first quarter of the following year.

(b) Provides the computation to calculate the amount of the surplus credit, rather than the credit.

(c) Makes conforming changes.

Sec. 204.0652. SURPLUS CREDIT RATE. (a) Authorizes TWC, if a surplus credit under Section 204.0651 is not computed, to use any portion of the surplus under Section 204.065 that is not used to pay bond obligations to compute an annual surplus credit rate for an employer entitled to an experience rate on the computation date.

(b) Provides the manner in which the surplus credit rate is calculated.

(c) Sets forth the additional requirements and prohibitions for the computation of the surplus credit rate.

(d) Prohibits an employer from receiving a surplus credit rate if any delinquent contributions are due on the contribution date, but provides that the employer is eligible for a surplus credit rate beginning on the calendar quarter following the quarter in which the delinquent contributions are paid.

SECTION 3. Amends Section 204.066(b), Labor Code, to include a computation for the numerator that is used to calculate the surplus ratio.

SECTION 4. Amends Subchapter D, Chapter 204, by adding Section 204.067, as follows:

Sec. 204.067. ADJUSTMENTS TO RATE. Authorizes TWC, at its own discretion, to adjust a rate under this subchapter.

SECTION 5. Effective date: upon passage or September 1, 2007.