

BILL ANALYSIS

Senate Research Center

H.B. 3150
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties note that unemployment insurance contributions, as set by the wage base for a calendar year, are made by an employer on that amount of the employee's wages. Currently, the unemployment insurance contributions on such wages are collected in excess of the calendar year wage base in the event a person licensed to provide professional employer services becomes an employer of such employees pursuant to a professional employer services contract at any time after January 1 of the calendar year. These parties maintain this situation results in double taxation. In addition, these parties contend that a discrepancy with federal law exists in current state law regarding these contributions by such an employer under the Texas Unemployment Compensation Act requiring clarification regarding wages subject to those contributions. H.B. 3150 seeks to remedy both these issues.

H.B. 3150 amends current law relating to the calculation of taxable wages paid by a professional employer organization for purposes of the Texas Unemployment Compensation Act.

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 91.044, Labor Code, by amending Subsection (a) and adding Subsections (a-1) and (a-2), as follows:

(a) Makes no change to this subsection.

(a-1) Authorizes a license holder to, in a calendar year during which an employee becomes a covered employee of the license holder, apply toward the maximum amount of taxable wages established in Section 201.082(1) (providing that "wages" does not include part of the remuneration paid by an employer to an individual for employment), Labor Code, any wages paid to the employee in that calendar year by the client or another license holder under a prior professional employer services agreement with that client.

(a-2) Creates this subsection from existing text. Requires a license holder, in addition to any other reports required to be filed by law, to report quarterly to the Texas Workforce Commission (TWC) on a form prescribed by TWC the name, address, telephone number, federal income tax identification number, and classification code according to the North American Industry Classification System of each client, rather than classification code as described in the "Standard Industrial Classification Manual" published by the United States Office of Management and Budget of each client.

SECTION 2. Amends Section 201.101, Labor Code, as follows:

Sec. 201.101. CONFORMITY WITH FEDERAL STATUTES. Authorizes TWC, if the United States secretary of labor holds that Section 91.044(a-1) or a provision of this subtitle does not conform with a federal statute, to administer Section 91.044(a-1) or this

subtitle, as applicable, to conform with the federal statute until the legislature meets in its next session and has an opportunity to amend the applicable law, rather than this subtitle.

SECTION 3. Provides that the change in law made by this Act applies only to contributions and withholdings required under Subtitle A (Texas Unemployment Compensation Act), Title 4, Labor Code, due for employment services rendered on or after January 1, 2016.

SECTION 4. Effective date: September 1, 2015.