

**SUBJECT:** Redefining the manual used for employment classifications

**COMMITTEE:** Economic Development — favorable, without amendment

**VOTE:** 8 ayes — Solis, Keffer, Clark, Deshotel, Homer, McClendon, Seaman, Yarbrough

0 nays

1 absent — Luna

**WITNESSES:** For — Bill Hammond, Texas Association of Business and Chambers of Commerce

Against — None

**BACKGROUND:** Over the next two years, the federal government will phase out use of the older Standard Industrial Classification System and replace it with the newer North American Industrial Classification System. The systems group employers into categories, which the Texas Workforce Commission (TWC) can use as one of the criteria to determine an employer's unemployment compensation tax rate, as well as for statistical analysis.

**DIGEST:** HB 1104 would amend the Labor Code to specify that the term “manual” in the statute governing unemployment tax contributions means the North American Industrial Classification System manual, rather than the Standard Industrial Classification System manual.

This bill would take effect September 1, 2001, and would apply only to a claim for unemployment compensation benefits filed with TWC on or after that date.

**NOTES:** The companion bill, SB 1134 by Carona, has been referred to the Senate Business and Commerce Committee.