

BILL ANALYSIS

Senate Research Center

S.B. 706
By: Patterson
Economic Development
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As Filed

DIGEST

Currently, under Section 204.002, Labor Code, an employer is required to pay a contribution on wages for employment paid to the Texas Workforce Commission (commission) for the unemployment compensation fund. When an employee is terminated and seeks unemployment compensation, whether the compensation is for three days or three weeks, the employer's modifier, or premium, will rise to offset the claim. This increased modifier, or premium, will be in force for several years in order to pay off the claim. This bill would authorize certain employers to make certain voluntary lump sum payments of contributions to the commission, and would require the commission, in turn, to recompute the employer's compensation experience rate based on the voluntary contributions.

PURPOSE

As proposed, S.B. 706 authorizes certain employers to make certain voluntary lump sum payments of contributions to the Texas Workforce Commission. Requires the commission to recompute the employer's compensation experience rate based on such contributions.

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 Chapter 204C, Labor Code, by adding Section 204.048, as follows:

Sec. 204.048. VOLUNTARY CONTRIBUTIONS. (a) Authorizes an employer for whom the Texas Workforce Commission (commission) has computed an experience rate as of October 1 of a calendar year that is effective for the succeeding calendar year, as provided by Section 204.047(a), to elect to make a voluntary payment of contributions to the commission.

(b) Authorizes the amount of a voluntary contribution to be equal to all or part of the employer's chargebacks during the period ending September 30 that are used in computing the employer's experience rate for the succeeding calendar year. Requires the commission to allocate a voluntary contribution of less than the full amount of the employer's chargebacks first to the employer's most recent chargebacks.

(c) Requires the commission, on receipt of a voluntary contribution during the period prescribed in Subsection (d), to reduce the employer's chargebacks by an amount equal to the contribution and to recompute the experience rate applicable to that employer for the succeeding calendar year.

(d) Requires an employer who elects to make a voluntary contribution for the recomputation of the employer's experience rate to make the contribution by the 30th day after the date on which the commission mails to the employer the annual notice of the employer's experience rate. Prohibits the employer from revoking the contribution after the date on which the commission uses the contribution to recompute the employer's experience rate.

(e) Prohibits the commission from computing a new experience rate for an employer or reducing an employer's experience rate based on a voluntary contribution made by the employer after the expiration of the 120th day of the calender year for which the rate is effective.

(f) Requires the commission to deposit a voluntary contribution made under this section to the credit of the compensation fund.

SECTION 2. Effective date: September 1, 1997.

Makes application of this Act prospective.

SECTION 3. Emergency clause.