

BILL ANALYSIS

Senate Research Center
87R16777 RDS-F

H.B. 7
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Natural Resources & Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Unemployment insurance taxes paid by Texas employers are deposited to the Unemployment Compensation Trust Fund (fund), which is used to pay unemployment benefits. The fund was depleted last June due to the pandemic. Texas has been borrowing money, interest-free, from the federal government since then. Without statutory change, a massive unemployment tax increase would be triggered to replenish the fund. H.B. 7 alters the replenishment ratio, a factor used in setting the unemployment insurance tax, to exclude certain benefits paid during a state of disaster or emergency. This change would result in a longer time period to replenish the fund, smoothing the tax increase over time instead of placing the burden on employers all at once immediately following an unprecedented pandemic.

H.B. 7 amends current law relating to the computation of the replenishment ratio used to determine an employer's unemployment compensation contribution tax rate.

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 204.045(b), Labor Code, as follows:

(b) Prohibits the Texas Workforce Commission, in computing the amount of the benefits charged or paid, from including the amount of benefits paid and not effectively charged to an employer's account as a result of an order or proclamation by the governor declaring at least 50 percent of the counties in this state to be in a state of disaster or emergency. Makes nonsubstantive changes.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or October 1, 2021.