

## **BILL ANALYSIS**

H.B. 1745  
By: Seaman  
Economic Development  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The Texas Unemployment Compensation Act (TUCA) sets out specific conditions that temporary employees of temporary help firms must satisfy in order to become eligible to receive unemployment benefits. These conditions include a requirement that employees contact the temporary help firm for reassignment upon completion of an assignment. However, the TUCA does not permit the temporary help firm a period of time in which to find new work for the temporary employee. Consequently, temporary employees may file claims for unemployment benefits when a temporary help firm does not instantly offer new work upon completion of an assignment, even though work may become available shortly thereafter. In calendar year 2004, 8,991 workers filed unemployment claims based on separations from temporary help firms, even though the evidence indicated they returned to work almost immediately since they filed no subsequent claims and received no benefits. At an average cost of \$23 per investigation, these unnecessary claims cost TWC almost \$200,000 in administrative expenses during 2003. They also cost the temporary help firms similar amounts to investigate and respond to those claims. Additionally, these frequent claims significantly elevated the average tax rate for the temporary help industry. In calendar year 2005, the temporary help industry has an average unemployment tax rate of 3.19%, compared to the statewide average for all businesses of 1.63%. With an annual taxable payroll of about \$2.3 billion dollars, this means the temporary help industry will pay \$35 million dollars more in taxes during 2005 than if its rates were rates closer to the state average.

This bill will eliminate frivolous claims for unemployment by permitting temporary help firms a three day grace period in which to find temporary employees new work upon notification by the workers that they have completed their prior assignments.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1. Amends Section 207.045(h), Labor Code by adding language which allows a temporary help firm three business days to find new employment for the employee. Requires the employee to notify the temporary firm upon completion of an assignment and must allow the temporary firm three days for reassignment.

SECTION 2. Provides that this Act apply only to a claim by the employee that is filed on or after the effective date of this bill.

SECTION 3. Provides the effective date of this Act.

### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

