

## **BILL ANALYSIS**

H.B. 2273  
By: Cook, Byron  
Economic Development  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

In 2001, due to the change from the Standard Industrial Code to the North American Industrial Code, the Legislature had to change the statutory formula for calculating the maximum and minimum weekly UI benefit amounts. The switch in methodology caused an unusually high increase in the maximum benefit amount in 2001. Large increases in the maximum and minimum weekly benefit amounts can cause significant impact to the unemployment compensation fund.

The proposal to round down weekly benefit amounts protects the unemployment compensation fund balance and reduces the burden on employers.

Taking the commission out of approving counsel and agent fees removes a rarely used limitation in the Labor Code, and the reference to federal law is obsolete.

This Act has several purposes. The cap on the increase in the maximum and minimum weekly benefit amounts serves as one means of controlling large jumps in benefit outlays from year to year. Savings for the unemployment compensation fund will result from new rounding down provisions for weekly benefit calculations. The little-used commission authority to approve counsel and agent fees for representing a claimant is an unnecessary restriction on private matters, and the removal of an obsolete reference is standard procedure

### **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 207.002(c), Labor Code, by amending Subsection (c) and adding Subsection (c-1).

Subsection (c) is amended by changing the benefit computation to include "cents" rather than "not a multiple of \$1" and requires the commission to "adjust" the benefit rather than "increase." Language is added that stipulates the manner in which the commission shall round benefit amounts; round down if the calculation results 49 cents or less, and round up if the calculation results in 50 cents or higher.

Subsection (c-1) adds language that puts a cap on the annual increase in the minimum and maximum weekly benefit amounts; \$14 for the maximum and \$1 for the minimum.

SECTION 2. Amends Section 207.007(b), Labor Code, by striking the language that prohibited a claimant's counsel or agent from receiving compensation for representation. The Section now permits such compensation.

SECTION 3. Amends Section 207.101(a), Labor Code, to remove a reference to federal law that has since been codified.

SECTION 4. States that the change to Section 207.007, Labor Code (Section 3 of the bill) applies only to a proceeding that begins after the effective date of this Act.

SECTION 5. 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.