

## **BILL ANALYSIS**

H.B. 2120  
By: Deshotel  
Economic Development  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The Texas Workforce Commission (Commission) is responsible for administering Chapter 61, Texas Labor Code, relating to the payment of wages by employers. Part of the Commission's duties under this chapter involves issuance of Final Wage Determination Orders resulting from wage claim hearings. Often, the wages determined to be owed to an individual are necessary to qualify the individual monetarily for a claim of unemployment compensation.

Under the Texas Unemployment Compensation Act, an individual is entitled to unemployment benefits based upon wages actually received during that individual's base period of employment. Current law provides that the Commission may only count wages actually received when determining wage credits for an individual's base period. Those wage credits determine whether an individual qualifies monetarily for unemployment benefits.

Under current law, the Commission has no authority to credit wages owed, but not actually paid to an individual. Thus, individuals who are owed wages which would qualify them for unemployment benefits may be denied those benefits if the employer has not paid the individual. H.B. 2120 would allow the Commission to count wages owed as benefit wage credits in the individual's base period of employment even if payment of those wages has not yet been made.

### **RULEMAKING AUTHORITY**

It is the opinion of the committee that rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 1 and SECTION 2 of this bill.

### **ANALYSIS**

SECTION 1. Amends Section 207.002, Labor Code, by amending Subsection (a) and adding Subsections (a-1) and (a-2) as follows:

(a) States that the Commission shall consider, as wages, those monies which are determined through a final order to be owed to an employee but which have not yet been paid. It further stipulates that these missing wages should be credited to the date(s) the wages were originally due.

(a-1) Establishes that the commission, by rule, shall determine the best method of crediting wages to a particular quarter.

(a-2) Makes conforming changes.

SECTION 2. Amends Section 207.004, Labor Code, by amending Subsection (a) and adding Subsection (a-1) as follows:

(a) Establishes that when determining qualifying benefit wage credits, the Commission shall include wages ordered to be paid by a Commission-issued final order if the wages were to due be paid during the individual's base period of employment and should be credited to the date(s) the wages were originally due.

(a-1) States that the commission, by rule, shall determine the method of crediting wages for the purposes of Subsection (a).

SECTION 3. Establishes that changes made by this Act apply to eligibility for UI benefits based on an unemployment compensation claim that is filed with the Texas Workforce Commission on or after the effective date of this Act.

SECTION 4. Provides the effective date for this Act.

**EFFECTIVE DATE**

Upon passage, or, if the act does not receive the necessary vote, the Act takes effect September 1, 2007.