

AN ACT

relating to the use of certain surplus revenue in the unemployment compensation fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subsection (a), Section 203.102, Labor Code, is amended to read as follows:

(a) The obligation trust fund is a dedicated trust fund outside of the state treasury in the custody of the comptroller. The obligation trust fund is composed of:

(1) revenue received under Section 203.105; and

(2) any surplus revenue transferred from the compensation fund under Section 204.065.

SECTION 2. Subchapter D, Chapter 204, Labor Code, is amended by amending Section 204.065 and adding Sections 204.0651 and 204.0652 to read as follows:

Sec. 204.065. USE OF SURPLUS [CREDIT]. (a) If the amount in the compensation fund on a tax rate computation date is more than the ceiling of the compensation fund, the commission may use all or part of that surplus to pay outstanding bond obligations as provided by this section or to provide a surplus credit or a surplus credit rate as provided by Sections 204.0651 and 204.0652 to an employer entitled to an experience rate on the computation date.

(b) If, on the tax rate computation date, there are outstanding bond obligations as described by Subchapter C, Chapter

1 203, including bond administrative expenses, the commission may
2 transfer all or part of the surplus described by Subsection (a) to
3 the obligation trust fund under Section 203.102 for payment of
4 those obligations. The amount transferred under this subsection
5 may not exceed any amount transferred to the unemployment
6 compensation fund under Section 203.255(b)(2).

7 (c) To the extent that any portion of the surplus is not used
8 to pay bond obligations, the commission shall use that amount to
9 compute:

10 (1) a surplus credit under Section 204.0651; or

11 (2) an annual surplus credit rate under Section
12 204.0652.

13 (d) In determining the use of any surplus, the commission
14 shall exercise the options that the commission determines to be in
15 the best interests of the state's employers and workers.

16 Sec. 204.0651. SURPLUS CREDIT. (a) The commission may use
17 any portion of the surplus under Section 204.065 that is not used to
18 pay bond obligations to compute a surplus credit for an employer
19 entitled to an experience rate on the computation date, [~~is~~
20 ~~entitled to a credit~~] to be applied beginning with contributions
21 for the first quarter of the following year.

22 (b) The amount of the surplus credit is computed by
23 multiplying the surplus ratio computed under Section 204.066 by the
24 employer's contributions due for the four calendar quarters ending
25 the preceding September 30.

26 (c) An employer may not apply a surplus credit against
27 delinquent contributions. A surplus credit may not be applied

1 until the employer has paid any delinquent contributions.

2 Sec. 204.0652. SURPLUS CREDIT RATE. (a) If the commission
3 does not compute a surplus credit under Section 204.0651, the
4 commission may use any portion of the surplus under Section 204.065
5 that is not used to pay bond obligations to compute an annual
6 surplus credit rate for an employer entitled to an experience rate
7 on the computation date.

8 (b) The surplus credit rate is computed by multiplying the
9 surplus ratio computed under Section 204.066 by the employer's
10 general and replenishment tax rates for the preceding year.

11 (c) The surplus credit rate shall be subtracted from the sum
12 of the general and replenishment tax rates. The remainder may not
13 be less than zero. The results shall be rounded to the nearest
14 hundredth.

15 (d) An employer may not receive a surplus credit rate if any
16 delinquent contributions are due on the contribution date, but is
17 eligible for a surplus credit rate beginning on the calendar
18 quarter following the quarter in which the delinquent contributions
19 are paid.

20 SECTION 3. Subsection (b), Section 204.066, Labor Code, is
21 amended to read as follows:

22 (b) The numerator is computed by subtracting the ceiling of
23 the compensation fund from the balance of the compensation fund and
24 subtracting from that amount any amount used to pay bond
25 obligations under Section 204.065(b).

26 SECTION 4. Subchapter D, Chapter 204, Labor Code, is
27 amended by adding Section 204.067 to read as follows:

1 Sec. 204.067. ADJUSTMENTS TO RATE. The commission, at its
2 own discretion, may adjust a rate under this subchapter.

3 SECTION 5. This Act takes effect immediately if it receives
4 a vote of two-thirds of all the members elected to each house, as
5 provided by Section 39, Article III, Texas Constitution. If this
6 Act does not receive the vote necessary for immediate effect, this
7 Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 679 passed the Senate on
April 12, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 679 passed the House on
April 23, 2007, by the following vote: Yeas 141, Nays 0, one
present not voting.

Chief Clerk of the House

Approved:

Date

Governor