

1-1 By: Williams S.B. No. 679
1-2 (In the Senate - Filed February 15, 2007; February 28, 2007,
1-3 read first time and referred to Committee on Finance;
1-4 April 3, 2007, reported favorably by the following vote: Yeas 14,
1-5 Nays 0; April 3, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the use of certain surplus revenue in the unemployment
1-9 compensation fund.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subsection (a), Section 203.102, Labor Code, is
1-12 amended to read as follows:

1-13 (a) The obligation trust fund is a dedicated trust fund
1-14 outside of the state treasury in the custody of the comptroller.
1-15 The obligation trust fund is composed of:

1-16 (1) revenue received under Section 203.105; and

1-17 (2) any surplus revenue transferred from the
1-18 compensation fund under Section 204.065.

1-19 SECTION 2. Subchapter D, Chapter 204, Labor Code, is
1-20 amended by amending Section 204.065 and adding Sections 204.0651
1-21 and 204.0652 to read as follows:

1-22 Sec. 204.065. USE OF SURPLUS [~~CREDIT~~]. (a) If the amount
1-23 in the compensation fund on a tax rate computation date is more than
1-24 the ceiling of the compensation fund, the commission may use all or
1-25 part of that surplus to pay outstanding bond obligations as
1-26 provided by this section or to provide a surplus credit or a surplus
1-27 credit rate as provided by Sections 204.0651 and 204.0652 to an
1-28 employer entitled to an experience rate on the computation date.

1-29 (b) If, on the tax rate computation date, there are
1-30 outstanding bond obligations as described by Subchapter C, Chapter
1-31 203, including bond administrative expenses, the commission may
1-32 transfer all or part of the surplus described by Subsection (a) to
1-33 the obligation trust fund under Section 203.102 for payment of
1-34 those obligations. The amount transferred under this subsection
1-35 may not exceed any amount transferred to the unemployment
1-36 compensation fund under Section 203.255(b)(2).

1-37 (c) To the extent that any portion of the surplus is not used
1-38 to pay bond obligations, the commission shall use that amount to
1-39 compute:

1-40 (1) a surplus credit under Section 204.0651; or

1-41 (2) an annual surplus credit rate under Section
1-42 204.0652.

1-43 (d) In determining the use of any surplus, the commission
1-44 shall exercise the options that the commission determines to be in
1-45 the best interests of the state's employers and workers.

1-46 Sec. 204.0651. SURPLUS CREDIT. (a) The commission may use
1-47 any portion of the surplus under Section 204.065 that is not used to
1-48 pay bond obligations to compute a surplus credit for an employer
1-49 entitled to an experience rate on the computation date, [~~is~~
1-50 entitled to a credit] to be applied beginning with contributions
1-51 for the first quarter of the following year.

1-52 (b) The amount of the surplus credit is computed by
1-53 multiplying the surplus ratio computed under Section 204.066 by the
1-54 employer's contributions due for the four calendar quarters ending
1-55 the preceding September 30.

1-56 (c) An employer may not apply a surplus credit against
1-57 delinquent contributions. A surplus credit may not be applied
1-58 until the employer has paid any delinquent contributions.

1-59 Sec. 204.0652. SURPLUS CREDIT RATE. (a) If the commission
1-60 does not compute a surplus credit under Section 204.0651, the
1-61 commission may use any portion of the surplus under Section 204.065
1-62 that is not used to pay bond obligations to compute an annual
1-63 surplus credit rate for an employer entitled to an experience rate
1-64 on the computation date.

