

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

February 26, 2007

TO: Honorable Joe Deshotel, Chair, House Committee on Economic Development

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB611 by Thompson (Relating to the eligibility for unemployment compensation benefits of certain employees who provide at-home infant care after the birth or adoption of a child.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Labor Code relating to the eligibility for unemployment compensation benefits of certain employees who provide at-home infant care after the birth or adoption of a child.

Based on the analysis of the Texas Workforce Commission, it is assumed that provisions of this bill would have been found to be non-conforming with federal law by the U.S. Department of Labor. If enacted, this law would cause employers of Texas to lose their current 5.4% Federal Unemployment Tax Act (FUTA) tax credit, and therefore be required to pay the maximum FUTA rate of 6.2% (as compared to 0.8% under current law) on the first \$7,000 in annual income per employee. The fiscal impact would total approximately \$3.6 billion per year more in FUTA taxes paid by Texas employers above what they currently pay, or approximately \$18.1 billion over a five-year period. It is also assumed that any costs associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

This bill would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission

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