

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 23, 2007**

**TO:** Honorable Tom Craddick, Speaker of the House, House of Representatives

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

**IN RE: HB2120** by Deshotel (Relating to the operation of the unemployment compensation system and computation of an individual's unemployment compensation benefits; providing a criminal penalty.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2120, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from <i>WRKFORCE COMMISSION FED</i> 5026</b>
2008	(\$196,000)
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**Fiscal Analysis**

The bill would amend the Labor Code relating to the operation of the unemployment compensation system and computation of an individual's unemployment compensation benefits; providing a criminal penalty.

Sections 1 and 2 of this bill include provisions allowing the Texas Workforce Commission (TWC) to use wages ordered paid by a final order of the Commission when calculating benefit payment amounts. The bill modifies the section of the law which defines wages used to calculate an individual's benefit amounts.

This bill would take effect immediately upon receiving a two-thirds majority vote in each house. If

the bill does not receive a two-thirds vote in each house, the bill would take effect September 1, 2007.

### **Methodology**

Information provided by TWC from a random sampling of claims was used for the purposes of this analysis. TWC sampled 99 Pay Day Law wage claims to determine how many individuals filed for Unemployment Insurance (UI) benefits. The agency estimates 141 UI claimants would be affected by this legislation and estimates the amount of increase in UI benefit outlays per claimant would be \$286. According to TWC there would be a one-time technology cost of \$196,000 in federal funds in FY 2008 to update the Payday Law Internet application. TWC estimates the cost to the UI Trust Fund would be \$40,326 each fiscal year, totaling \$201,630 for the FY 2008-12 five year period.

### **Technology**

According to TWC there would be a one-time technology cost of \$196,000 in federal funds in FY 2008 to update the Payday Law Internet application.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 320 Texas Workforce Commission

**LBB Staff:** JOB, SD, JRO, MW, NV