

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 17, 2007

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

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.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2120, Committee Report 2nd House, Substituted: 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:

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

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>WRKFORCE COMMISSION FED</i> 5026
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, JRO, MW, NV