

BILL ANALYSIS

C.S.H.B. 4125

By: Harless

Technology, Economic Development & Workforce
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Unemployment Compensation Act provides that a claimant improperly receiving unemployment insurance benefits is responsible for repayment to the Texas Workforce Commission. The statute defines "improper benefits" as benefits obtained by a person, through nondisclosure or misrepresentation of a material fact, without regard to whether the nondisclosure or misrepresentation was known or fraudulent.

The Texas Court of Civil Appeals has held that an overpayment caused solely by a commission error is not collectible. The court concluded that the commission could not make a nondisclosure or misrepresentation to itself, and because there was no nondisclosure or misrepresentation by the claimant or by another person, an improper payment caused solely by a commission error is not collectible.

C.S.H.B. 4125 limits the time for which a person is liable for the amount of improper benefits and adds to the methods by which the Texas Workforce Commission is authorized to recover benefits. The bill redefines and clarifies "improper benefit" in state law to apply to benefits improperly paid to any claimant for any reason.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 4125 redefines "improper benefits" to mean any unemployment compensation benefit or payment obtained by a person who was or is subsequently disqualified or otherwise determined to be ineligible to receive the benefit or payment for any reason under a final determination or decision made under the Texas Unemployment Compensation Act. The bill removes the condition from the definition that the benefit be obtained because of the nondisclosure or misrepresentation by the person or by another of a material fact without regard to whether the nondisclosure or misrepresentation was known or fraudulent, and while any qualifying condition imposed by the act was not fulfilled or the person was disqualified from receiving benefits.

C.S.H.B. 4125 requires the Texas Workforce Commission (TWC), if a person receives improper benefits due to a mistake by TWC, to begin to recover the improper benefits not later than the first anniversary after the date that the last improper benefit was paid. The bill prohibits such improper benefits from being collected in the same manner as the collection of past due contributions, and authorizes TWC to recover the improper benefits only by deducting the amount of the improper benefits payable to the person or offering a payment plan to the person.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 4125 adds a provision not included in the original requiring the Texas Workforce Commission (TWC) to begin to recover improper benefits paid to a person due to a mistake by TWC not later than the first anniversary after the date that the last improper benefit was paid. The substitute adds provisions not included in the original prohibiting such improper benefits from being collected in the same manner as the collection of past due contributions and authorizing TWC to recover the improper benefits only by deducting the amount of the improper benefits payable to the person or offering a payment plan to the person.