

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 18, 2011

TO: Honorable John Davis, Chair, House Committee on Economic & Small Business Development

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

IN RE: HB222 by Strama (Relating to the ceiling of the unemployment compensation fund.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Labor Code relating to the ceiling of the unemployment compensation fund.

According to the analysis by the Texas Workforce Commission (TWC), the bill would cause the unemployment compensation fund ceiling to increase over amounts estimated from current law. In FY 2012, TWC assumes there would be an increase from \$1,653.9 million in current law to \$2,098.5 million as amended by the bill. In FY 2013, TWC assumes there would be an increase from \$1,718.2 million in current law to \$2,218.3 million as amended by the bill. Over the five-year period, FY 2012-16, TWC estimates the unemployment compensation fund ceiling would be approximately 33 percent higher, on average, than now estimated from current law.

The calculation of the new unemployment compensation fund ceiling provided by the bill is based on projected taxable wages over the FY 2012-16 five-year period. Covered wages is defined in the bill as taxable wages, divided by \$9,000 (maximum taxable wages per employee), multiplied by average weekly wages, multiplied by 52 weeks. The compensation fund ceiling is defined in the bill as one-half of one percent of total covered wages for the four calendar quarters ending the preceding June 30. Based on the analysis of TWC, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission

LBB Staff: JOB, AG, MW, NV