

## **BILL ANALYSIS**

H.B. 939

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Economic & Small Business Development  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The employment and training investment assessment is imposed on each employer paying contributions under the Texas Unemployment Compensation Act as a separate assessment of one-tenth of one percent of wages paid by an employer. Money from the assessment is deposited to the credit of the employment and training investment holding fund. According to Texas Workforce Commission projections, the assessment is projected to collect an estimated \$95 million from employers in 2013. Money in the holding fund is meant, in part, to finance the skills development fund. However, the skills development fund has been funded with General Revenue at a base level of almost \$50 million per biennium for several bienniums.

Currently, the Texas Labor Code states that up to the amount appropriated for the skills development fund can be transferred from the employment and training investment assessment holding fund to the skills development fund but only if the Texas Workforce Commission determines that the amount in the unemployment compensation fund, which also derives money from the holding fund, will exceed 100 percent of its floor as computed on October 1. A transfer from the employment and training investment holding fund to the skills development fund has not occurred in several years because the unemployment compensation fund has been below the floor, causing the funds in the employment and training investment holding fund to be transferred directly into the unemployment trust fund.

H.B. 939 seeks to eliminate a tax assessment on employers. The bill seeks to allocate additional funds for unemployment insurance and workforce development programs that help individuals return to work quickly. Finally, the bill seeks to provide a tax credit to Texas employers.

### **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**

H.B. 939, effective January 1, 2014, amends the Labor Code to set the initial rate of a person's contribution to the unemployment compensation fund for the calendar year in which the person becomes an employer at the greater of the rate established for that year for the major employer group to which the employer is assigned by the Texas Workforce Commission (TWC) or two and seven-tenths percent, rather than at the greater of the rate established for that year for that major employer group, less one-tenth of one percent, or two and six-tenths percent.

H.B. 939, effective January 1, 2014, repeals a provision relating to an adjustment of the replenishment tax rate required to be paid by an employer entitled to an experience rate.

H.B. 939, on the bill's effective date, repeals provisions relating to an employment and training investment assessment imposed on each contributing employer for deposit to the credit of the employment and training investment holding fund and provisions relating to transfers from that

holding fund to the skills development fund, training stabilization fund, and the unemployment compensation fund.

H.B. 939, on the bill's effective date, abolishes the employment and training investment holding fund and the training stabilization fund and requires the unexpended balances of those funds to be transferred in the specified allocations to TWC to pay for one-time expenses related to workforce development or the administration of the Texas Unemployment Compensation Act and to the unemployment compensation fund to be credited to the amounts owed by employers for contributions on wages for employment in proportion to the amount of the employment and training investment assessments paid by those employers.

H.B. 939, effective January 1, 2014, repeals Section 204.0625, Labor Code.

H.B. 939, on the bill's effective date, repeals Subchapter G, Chapter 204, and Subchapter F, Chapter 302, Labor Code.

### **EFFECTIVE DATE**

Except as otherwise provided, September 1, 2013.