

## **BILL ANALYSIS**

S.B. 658  
By: Deuell  
Economic & Small Business Development  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Federal law requires all states to impose a penalty on a person who fraudulently obtains state or federal unemployment compensation benefits. The federal law requires that these penalty amounts be deposited into the state's unemployment compensation fund. Texas law, however, provides only that when an individual is found to have received unemployment compensation benefits by means of a wilful nondisclosure or misrepresentation of a material fact without meeting the applicable condition of eligibility or despite being disqualified to receive such a benefit, the individual forfeits the received benefit and the rights to benefits that remain in that benefit year without further penalty. Current statute also requires that any penalties and interest collected under the Texas Unemployment Compensation Act, which generally are assessed only against employers rather than against individual employees, be deposited into the unemployment compensation special administration fund.

Interested parties assert that by failing to conform to this provision of federal law, Texas could lose the federal grant for the administration of the unemployment insurance program. S.B. 658 seeks to remedy this situation relating to the imposition and collection of a penalty for fraudulently obtaining unemployment compensation benefits.

### **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**

S.B. 658 amends the Labor Code to require the Texas Workforce Commission (TWC), if, by wilful nondisclosure or misrepresentation of a material fact, whether the nondisclosure or misrepresentation is made by a person or for the person by another, the person receives an unemployment compensation benefit when a condition imposed by the Texas Unemployment Compensation Act for the person's qualifying for the benefit is not fulfilled or the person is disqualified from receiving the benefit, to require the person to pay a penalty in an amount equal to 15 percent of the amount of the benefits that were received by the person and that the person forfeited because of the nondisclosure or misrepresentation. The bill specifies that such a penalty is effective only after the person has been afforded an opportunity for a fair hearing before TWC or its duly designated representative. The bill establishes that a person who is assessed such a penalty by TWC is liable for the amount of the penalty and authorizes TWC to collect the penalty in the same manner as provided by specified statutory provisions for the collection of past-due contributions. The bill requires TWC to deposit such a penalty in the unemployment compensation fund.

S.B. 658 specifies that the bill's provisions apply only to a final determination that a person received an unemployment compensation benefit due to a nondisclosure or misrepresentation made by TWC or its duly designated representative on or after October 1, 2013.

**EFFECTIVE DATE**

October 1, 2013.