

BILL ANALYSIS

S.B. 1537
By: Deuell
Economic & Small Business Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties assert that federal laws relating to unemployment compensation have changed and individual states are now required to impose a liability on employers failing to respond in a timely manner to a request from the state for information relating to a claim for unemployment benefits. Compliance with federal law is mandatory, the parties say, or the state's federal grant for the administration of the unemployment insurance program could be rescinded by the federal government. S.B. 1537 seeks to make changes relating to certain required notices under the Texas Unemployment Compensation Act to comply with federal law.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 2 of this bill.

ANALYSIS

S.B. 1537 amends the Labor Code to provide that a reimbursing employer is not entitled to a refund of, or credit for, the reimbursement paid by the employer to the Texas Workforce Commission (TWC) for unemployment compensation benefits paid to a claimant that are not in accordance with the final determination or decision under the Texas Unemployment Compensation Act, unless the employer complied with the bill's provisions and statutory provisions relating to the notification of adverse facts affecting a claim for those benefits.

S.B. 1537 requires a notification provided to TWC by a person for whom the claimant last worked that includes facts known to the person that may adversely affect the claimant's rights to unemployment compensation benefits or affect a charge to the person's account, including an initial response to the notice of the claimant's filing of an initial claim for benefits mailed to the person, to include sufficient factual information to allow TWC to make a determination regarding the claimant's entitlement to those benefits. The bill requires benefits paid to a claimant that are not in accordance with the final determination or decision under the Texas Unemployment Compensation Act to be charged to the account of a person if the person, or the person's agent, without good cause, fails to provide timely or adequate notification of this information to TWC and if TWC determines that the person, or the person's agent, has failed to provide such timely or adequate notification on at least two prior occasions. The bill specifies that such a notification is not adequate if the notification merely alleges that a claimant is not entitled to unemployment compensation benefits without providing sufficient factual information, other than a general statement of the law, to support the allegation. The bill specifies that good cause is established only by showing that a person, or the person's agent, was prevented from complying with the notification requirements due to compelling circumstances beyond the person's control. The bill authorizes TWC to adopt rules as necessary to implement the bill's provisions and statutory provisions relating to the notification.

S.B. 1537 requires a chargeback to be made to an employer's account for unemployment compensation benefits paid to a claimant that are not in accordance with the final determination

or decision under the Texas Unemployment Compensation Act if the benefits were paid due to the failure of the employer, or the employer's agents, to comply with the bill's provisions and statutory provisions relating to the notification of adverse facts affecting a claim for those benefits.

EFFECTIVE DATE

October 1, 2013.