

BILL ANALYSIS

H.B. 1251
By: Alvarado
Economic & Small Business Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties contend that the current process for a franchisee or new company to obtain a partial transfer of compensation experience when the entity forms a new entity separate from a previous franchise is too complicated. H.B. 1251 seeks to simplify this process by revising provisions under the Texas Unemployment Compensation Act relating to certain partial acquisitions of experience-rated employers.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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. 1251 amends the Labor Code to specify that substantially common ownership, as defined by Texas Unemployment Compensation Act provisions regarding the acquisition of an experience-rated employer, does not exist following a partial acquisition of an organization, trade, or business of an employing unit solely because the predecessor employing unit has the right to repossess the part acquired by the successor employing unit in the event of the successor's failure to complete a condition of the acquisition.

H.B. 1251 requires the Texas Workforce Commission (TWC), in the case of a partial acquisition of an experience-rated organization, trade, or business for which the transfer of compensation experience is required, to require the predecessor employer and successor employer to jointly submit, not later than the second anniversary of the date the partial acquisition was completed, information necessary for making the determination of the successor's contribution rate to the unemployment compensation fund. The bill specifies that the period for which the required information must be submitted is the lesser of four years or the length of time the predecessor employer was liable for the payment of a tax under the Texas Unemployment Compensation Act. The bill requires the TWC to include information about the availability of a partial transfer of compensation experience with the information provided by the TWC to each new employer and on any form, including in electronic format, required to be submitted by an employer to report a change of status.

EFFECTIVE DATE

September 1, 2015.