

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 6, 2015

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources & Economic Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2732** by Metcalf (Relating to recovery of covered unemployment compensation debt through participation in the federal Treasury Offset Program.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2732, As Engrossed: an impact of \$0 through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>Unempl Comp Sp Adm Acct</i> 165	Probable Revenue Gain from <i>Employment/Trng Investment Assmnt</i> 5128	Probable Revenue Gain from <i>UNEMPLOYMENT TRST FND ACCT</i> 938
2016	\$0	\$0	\$0
2017	\$0	\$0	\$47,742,354
2018	\$510,376	\$48,137	\$38,542,318
2019	\$427,055	\$43,322	\$31,959,881
2020	\$363,109	\$40,466	\$27,669,077

Fiscal Analysis

This bill would amend the Labor Code relating to recovery of covered unemployment compensation debt through participation in the federal Treasury Offset Program.

This bill allows the Texas Workforce Commission (TWC) to collect certain covered unemployment compensation debt through the federal Treasury Offset Program. The bill requires TWC to assess against the debtor, the cost of any administrative fee charged by the U.S. Department of Treasury for each offset. The bill allows TWC to add the assessed amount to the covered unemployment compensation debt that is offset under the program.

According to TWC, if this legislation does not pass, the agency would not be in compliance with federal law, which could result in an estimated five-year cost to the state of \$638.5 million related to the loss of the Unemployment Insurance administrative grant.

This bill would take effect September 1, 2015.

Methodology

Based on information provided by TWC, it is estimated that participation in the federal Treasury Offset Program would result in additional revenue to the state of \$1,300,540 in General Revenue-Dedicated Fund 165, \$131,925 in General Revenue-Dedicated Fund 5128, and \$145,943,630 in Other Fund 938 over the next five years. Estimates of fiscal impact assume a 12 percent collection rate from participation in the federal Treasury Offset Program on projected uncollected and covered contributions to unemployment compensation debt.

The agency anticipates that any costs associated with the implementation of the program can be absorbed in the current federal Unemployment Insurance grant.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 320 Texas Workforce Commission

LBB Staff: UP, SZ, CL, NV, JLi