

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 16, 2023**

**TO:** Honorable Oscar Longoria, Chair, House Committee on Business & Industry

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB2458** by Vo (Relating to the forfeiture, recovery, and the reduction of the fraudulent benefit payments in the administration of the Texas Unemployment Compensation Act.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2458, As Introduced : a positive impact of \$1,805,080 through the biennium ending August 31, 2025.

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:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2024	\$902,540
2025	\$902,540
2026	\$902,540
2027	\$902,540
2028	\$902,540

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Revenue Gain from Unempl Comp Sp Adm Acct 165</b>	<b>Probable Revenue Gain from General Revenue Fund 1</b>
2024	\$902,540	\$902,540
2025	\$902,540	\$902,540
2026	\$902,540	\$902,540
2027	\$902,540	\$902,540
2028	\$902,540	\$902,540

**Fiscal Analysis**

This bill would amend the Labor Code relating to the forfeiture, recovery, and reduction of fraudulent benefit payments in the administration of the Texas Unemployment Compensation Act, including increasing penalty fees on benefits received through administrative and willful overpayments. This bill would be effective January 1, 2024.

## **Methodology**

This analysis assumes the Texas Workforce Commission (TWC) would assess the penalty against all administrative and willful overpayments related to fraudulent activities and the Texas Unemployment Compensation Act. TWC would be required to establish and modify rules to implement this bill's provisions and modify specific internal IT-related systems. This analysis assumes that all duties and responsibilities associated with implementing the provisions of the bill could be accomplished by the agency utilizing existing resources.

This bill would also increase the current penalty fee from 15 percent of all benefits received through fraudulent activities to 50 percent of all benefits received through fraudulent activities. Of the 50 percent penalty fee assessed, TWC would be required to deposit 15 percent of the assessed fee into the Unemployment Insurance Trust Fund and 35 percent of the assessed fee into the Unemployment Compensation Special Administration Account No. 165 (GR-D 165). The funds deposited into GR-D 165 would be required to cover expenditures related to fraud prevention and investigation, misclassification, and the collection of benefits obtained fraudulently. This analysis assumes the remaining 50 percent of the assessed penalty is deposited into General Revenue Fund 001, as this bill does not indicate otherwise.

Based on this assumption and the three-year average of administrative and willful overpayments (\$5,157,369) related to fraudulent activities of the Texas Unemployment Compensation Act; for the 2024-25 biennium, the total estimated revenue gain to GR-D 165 would be \$1,805,079, and the total estimated revenue gain to General Revenue would be \$1,805,079.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 320 Texas Workforce Commission

**LBB Staff:** JMc, SZ, GDZ, LBI