

BILL ANALYSIS

C.S.H.B. 199
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Trade, Workforce & Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Workforce Commission administers the state unemployment insurance program, which provides temporary, partial income replacement to eligible workers who, through no fault of their own, lose their job or are working reduced hours. Current law sets a fixed maximum amount of unemployment benefits payable during a benefit year, limiting flexibility in adjusting benefits based on economic conditions. The bill author has informed the committee that fixed limits may not adequately address variations in unemployment levels, potentially leading to undesired outcomes in periods of both higher and lower unemployment. C.S.H.B. 199 introduces a sliding scale for the maximum amount of unemployment benefits payable during a benefit year, tied to the state's average unemployment rate. By adjusting the maximum benefit amount based on prevailing economic conditions, the bill seeks to encourage Texans to work during periods of low unemployment with less time on benefits, while giving them increased time on benefits during times of high unemployment.

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

C.S.H.B. 199 repeals the Labor Code provision that caps the amount of unemployment benefits payable to an eligible individual during a benefit year under the state unemployment insurance program at the lesser of 26 times the individual's benefit amount or 27 percent of the individual's benefit wage credits. The bill amends the Labor Code to set the maximum amount of unemployment benefits payable to an eligible individual during a benefit year instead at an amount determined by the state average unemployment rate on a sliding scale as follows:

- 20 times the individual's benefit amount, if the rate is not greater than 6.5 percent;
- 21 times the individual's benefit amount, if the rate is at least 6.6 percent but not greater than 7 percent;
- 22 times the individual's benefit amount, if the rate is at least 7.1 percent but not greater than 7.5 percent;
- 23 times the individual's benefit amount, if the rate is at least 7.6 percent but not greater than 8 percent;
- 24 times the individual's benefit amount, if the rate is at least 8.1 percent but not greater than 8.5 percent;
- 25 times the individual's benefit amount, if the rate is at least 8.6 percent but not greater than 9 percent;

- 26 times the individual's benefit amount, if the rate is greater than 9 percent but not greater than 9.5 percent; and
- 27 times the individual's benefit amount, if the rate is at least 9.6 percent but not greater than 10 percent.

The bill defines "state average unemployment rate" as the average seasonally adjusted unemployment rate in Texas, as published by the U.S. Bureau of Labor Statistics, during the most recent completed calendar year quarter preceding the first day of an individual's benefit year.

C.S.H.B. 199 applies only to a claim for unemployment compensation benefits filed with the Texas Workforce Commission on or after the bill's effective date. A claim filed before the bill's effective date is governed by the law in effect on the date the claim was filed, and the former law is continued in effect for that purpose.

C.S.H.B. 199 repeals Section 207.005, Labor Code.

EFFECTIVE DATE

January 1, 2026.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 199 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

With respect to the provision setting the maximum amount of unemployment benefits payable to an eligible individual during a benefit year at amounts determined by the state average unemployment rate on a sliding scale, the substitute changes the amounts set in the introduced as follows:

- if the rate is not greater than 6.5 percent, from 14 to 20 times the individual's benefit amount;
- if the rate is at least 6.6 percent but not greater than 7 percent, from 15 to 21 times the individual's benefit amount;
- if the rate is at least 7.1 percent but not greater than 7.5 percent, from 16 to 22 times the individual's benefit amount;
- if the rate is at least 7.6 percent but not greater than 8 percent, from 17 to 23 times the individual's benefit amount;
- if the rate is at least 8.1 percent but not greater than 8.5 percent, from 18 to 24 times the individual's benefit amount;
- if the rate is at least 8.6 percent but not greater than 9 percent, from 19 to 25 times the individual's benefit amount;
- if the rate is greater than 9 percent but not greater than 9.5 percent, from 20 to 26 times the individual's benefit amount; and
- if the rate is at least 9.6 percent but not greater than 10 percent, from 21 to 27 times the individual's benefit amount.

The substitute omits the provision of the introduced setting the maximum amount of unemployment benefits payable to an eligible individual during a benefit year at 27 times the individual's benefit amount if the rate is greater than 10 percent.