

## **BILL ANALYSIS**

C.S.H.B. 1990  
By: Shine  
Business & Industry  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties contend that the Texas certified self-insurer guaranty trust fund maintained by the Texas Certified Self-Insurer Guaranty Association under the Texas Workers' Compensation Act is not sensitive enough to the risks posed in providing emergency payment of the compensation liabilities of an impaired contributing employer. C.S.H.B. 1990 seeks to address this issue by making certain changes regarding the assessment of fees for the fund and changing the required minimum balance and maximum balance of the fund.

### **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. 1990 amends the Labor Code to change the purpose of the fee assessed on each member of the Texas Certified Self-Insurer Guaranty Association from the creation, over a period of 10 years beginning January 1, 1993, of a Texas certified self-insurer guaranty trust fund for the emergency payment of the compensation liabilities of an impaired employer to the maintenance of such a fund. The bill specifies that the fee is an annual fee, increases the minimum balance of the fund from \$1 million to \$2 million, and changes the fund's cap from \$2 million to three percent of the combined value of the security deposits of all certified self-insurers. The bill requires the association's board of directors to submit a recommended balance of the trust fund to the commissioner of workers' compensation for approval and conditions the requirement for the board to adopt a year-by-year schedule of assessments to meet the funding goal of the fund on the commissioner's approval.

### **EFFECTIVE DATE**

September 1, 2017.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1990 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Sections 407.126(a) and (b), Labor Code, are amended to read as follows:

(a) Each member of the association shall be assessed an annual [a] fee, based on total amount of income benefits payments made in this state for the preceding reported calendar year, to maintain [create, over a period of 10 years beginning January 1, 1993,] a Texas certified self-insurer guaranty trust fund of at least \$2 [\$1] million for the emergency payment of the compensation liabilities of an impaired employer. The fund may not exceed three percent of the combined value of the security deposits of all certified self-insurers [\$2 million].

(b) The board of directors shall determine the recommended balance of the trust fund to the commissioner for approval and adopt a year-by-year schedule of assessments to meet the [10-year] funding goal of the [trust] fund.

SECTION 2. This Act takes effect September 1, 2017.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Sections 407.126(a) and (b), Labor Code, are amended to read as follows:

(a) Each member of the association shall be assessed an annual [a] fee, based on total amount of income benefits payments made in this state for the preceding reported calendar year, to maintain [create, over a period of 10 years beginning January 1, 1993,] a Texas certified self-insurer guaranty trust fund of at least \$2 [\$1] million for the emergency payment of the compensation liabilities of an impaired employer. The fund may not exceed three percent of the combined value of the security deposits of all certified self-insurers [\$2 million].

(b) The board of directors shall submit to the commissioner for approval a recommended balance of the trust fund. On approval by the commissioner of the recommended balance, the board of directors shall adopt a year-by-year schedule of assessments to meet the [10-year] funding goal of the [trust] fund.

SECTION 2. Same as introduced version.