

BILL ANALYSIS

Senate Research Center

H.B. 1745
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Business & Commerce
5/9/2005
Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The Texas Unemployment Compensation Act (TUCA) sets out specific conditions that temporary employees of temporary help firms must satisfy in order to become eligible to receive unemployment benefits. These conditions include a requirement that employees contact the temporary help firm for reassignment upon completion of an assignment. However, the TUCA does not permit the temporary help firm a period of time in which to find new work for the temporary employee. Consequently, temporary employees may file claims for unemployment benefits when a temporary help firm does not instantly offer new work upon completion of assignment, even though work may become available shortly thereafter. In the 2004 calendar year, 8,991 workers filed unemployment claims based on separation from temporary help firms; there were no subsequent claims filed, which indicated that these individuals returned to work shortly after filing their initial claims. The average investigation costs \$23, creating administrative costs of almost \$200,000 during 2003, in addition to the costs incurred by the temporary help firms to investigate and respond to the claims. The temporary help firm industry has an average unemployment tax rate of 3.19 percent, compared to the statewide average for all businesses of 1.63 percent. With an annual payroll of about \$2.3 billion, temporary help firms will pay \$35 million more in taxes during 2005, in comparison to rates closer to the state average.

H.B. 1745 eliminates unnecessary claims for unemployment by permitting temporary help firms to have a three-day grace period in which to find temporary employees new work upon notification by the workers that they have completed the prior assignment.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 201.091, Labor Code, by adding Subsection (f), as follows:

(f) Provides that an individual who last worked for a temporary help firm is not considered to be unemployed until three business days have passed since the date the individual's last assignment ended.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2005.