

Amend HB 2421 (Senate committee printing) by striking all below the enacting clause and substituting the following:

SECTION 1. Section 204.006(a), Labor Code, is amended to read as follows:

(a) A person's contribution rate for the calendar year in which the person becomes an employer is the greater of:

(1) the rate established for that year for the major group to which the employer is assigned under Section 204.004, less one-tenth of one percent; or

(2) two and six-tenths [~~seven-tenths~~] percent.

SECTION 2. Subchapter A, Chapter 204, Labor Code, is amended by adding Section 204.0065 to read as follows:

Sec. 204.0065. INITIAL CONTRIBUTION RATE. Notwithstanding Section 204.006, on and after January 1, 2006, a person's contribution rate shall be two and six-tenths percent until the date the experience rate computed under Section 204.041 takes effect for the employer.

SECTION 3. Subchapter D, Chapter 204, Labor Code, is amended by adding Section 204.0625 to read as follows:

Sec. 204.0625. ADJUSTMENT TO REPLENISHMENT TAX RATE. On and after January 1, 2006, the replenishment tax rate computed under Section 204.062 shall be adjusted to a rate computed by subtracting one-tenth of one percent from the percentage computed under Section 204.062(a).

SECTION 4. Chapter 204, Labor Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. EMPLOYMENT AND TRAINING

INVESTMENT ASSESSMENT; FUNDS

Sec. 204.121. EMPLOYMENT AND TRAINING INVESTMENT ASSESSMENT. (a) In addition to any other taxes imposed under this subtitle, an employment and training investment assessment is imposed on or after January 1, 2006, on each employer paying contributions under this subtitle as a separate assessment of one-tenth of one percent of wages paid by the employer.

(b) The commission shall deposit the revenue from the employment and training investment assessment to the credit of the holding fund created under Section 204.122.

(c) The employment and investment training assessment is due at the same time, collected in the same manner, and subject to the same penalties and interest as other contributions assessed under this subtitle.

Sec. 204.122. HOLDING FUND. (a) The employment and training investment holding fund is a special trust fund outside of the state treasury in the custody of the comptroller separate and apart from all public money or funds of this state.

(b) The comptroller shall administer the holding fund in accordance with the directions of the commission. Interest accruing on amounts in the holding fund shall be deposited quarterly to the credit of the compensation fund.

Sec. 204.123. TRANSFER TO TEXAS ENTERPRISE FUND, SKILLS DEVELOPMENT FUND, TRAINING STABILIZATION FUND, AND COMPENSATION FUND. (a) If, on September 1 of a year, the commission determines that the amount in the compensation fund will exceed 100 percent of its floor as computed under Section 204.061 on the next October 1 computation date, the commission shall transfer from the holding fund created under Section 204.122:

(1) from the first \$160 million deposited in the holding fund:

(A) during the state fiscal biennium ending August 31, 2007:

(i) 67 percent to the Texas Enterprise Fund created under Section 481.078, Government Code; and

(ii) 33 percent to the skills development fund created under Section 303.003; and

(B) during any state fiscal biennium beginning on or after September 1, 2007:

(i) 80 percent to the Texas Enterprise Fund created under Section 481.078, Government Code; and

(ii) 20 percent to the skills development fund created under Section 303.003; and

(2) any remaining amount in the holding fund after the distribution under Subdivision (1) to the training stabilization fund created under Section 302.101.

(b) If, on September 1 of a year, the commission determines

that the amount in the compensation fund will be at or below 100 percent of its floor as computed under Section 204.061 on the next October 1 computation date, the commission shall transfer to the compensation fund as much of the amount in the holding fund as is necessary to raise the amount in the compensation fund to 100 percent of its floor, up to and including the entire amount in the holding fund. The commission shall transfer any remaining balance in the holding fund to the Texas Enterprise Fund, the skills development fund, and the training stabilization fund in the percentages prescribed by Subsection (a).

SECTION 5. Chapter 302, Labor Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. EMPLOYMENT AND TRAINING

INVESTMENT ASSESSMENT

Sec. 302.101. TRAINING STABILIZATION FUND. (a) The training stabilization fund is established as a special trust fund outside of the state treasury in the custody of the comptroller separate and apart from all public money or funds of this state. The fund is composed of:

(1) money deposited to the fund under Section 204.123;
and

(2) any other money received for deposit in the fund.

(b) Money in the training stabilization fund may be used in a year in which the amounts in the employment and training investment holding fund are insufficient to meet the legislative appropriation for that fiscal year for either the Texas Enterprise Fund or the skills development fund.

(c) Money in the training stabilization fund shall be transferred to the Texas Enterprise Fund and the skills development fund under Subsection (b) not later than September 30. The transfer under Subsection (b) shall consist of transferring 67 percent of the money in the training stabilization fund to the Texas Enterprise Fund and 33 percent of the money in the training stabilization fund to the skills development fund. The amount transferred from the training stabilization fund may not exceed the amounts appropriated to the Texas Enterprise Fund and skills development fund in the fiscal year in which the transfer is made.

(d) Interest that accrues on the money in the training stabilization fund shall be deposited quarterly to the credit of the compensation fund.

SECTION 6. Chapter 303, Labor Code, is amended by adding Section 303.0035 to read as follows:

Sec. 303.0035. USE OF MONEY IN HOLDING FUND (GENERAL REVENUE ACCOUNT 5069) FOR SKILLS DEVELOPMENT. Money in the holding fund (general revenue account 5069) may be used only for the purposes for which the money in the skills development fund under Section 303.003 may be used.

SECTION 7. Section 303.005, Labor Code, is amended to read as follows:

Sec. 303.005. PARTICIPATION IN ADDITIONAL PROGRAMS; APPLICATION REQUIREMENTS; PRIORITY. (a) An employer may not apply both to a public community or technical college for customized training and assessment from the college through a grant issued to the college under the skills development fund program established under this chapter and for a grant under the Texas Enterprise Fund [~~smart jobs fund~~] program established under Subchapter E [~~F~~], Chapter 481, Government Code, unless the employer and the college file an application for concurrent participation in both programs that complies with any rules adopted by the Texas Workforce Commission on concurrent participation [~~Section 481.1565, Government Code~~].

(b) In awarding any grant under this chapter, the commission shall consider giving priority to training incentives for small businesses.

SECTION 8. Section 2308.308, Government Code, is amended to read as follows:

Sec. 2308.308. PUBLIC COMMUNITY COLLEGE. A public community college shall promptly provide workforce training and services that are requested:

(1) by a board if the need for the training and services is based on the labor market information system available for the area;

(2) by employers located in the college's taxing district when the request is presented directly to the college by

the employers or through the board; or

(3) as part of economic development incentives designed to attract or retain an employer, including incentives offered under the skills development [~~smart jobs~~] fund program under [~~Subchapter J,~~] Chapter 303, Labor Code [~~481~~].

SECTION 9. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2005.