

BILL ANALYSIS

C.S.H.B. 2421
By: Chavez
Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law there is no workforce development program specifically aimed at creating employment opportunities and increasing the job skills of the existing workforce in rural and medium-sized communities in Texas. HB 2421 creates a new program to award grants for the creation and retention of jobs in rural and medium-sized communities. The grant money will be competitively awarded to companies based on each application's anticipated economic impact. HB 2421 will encourage economic development by creating incentives to help close local economic development deals with companies.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas Workforce Commission in SECTION 4, Section 303.003, Subsection (b-1), Labor Code.

ANALYSIS

SECTION 1. Amends 204.006(a), Labor Code, by adding the language "two and six-tenths percent" regarding the calculation for a person's contribution rate in which a person becomes an employer.

SECTION 2. Amends, Subchapter D, Chapter 204, Labor Code by adding Section 204.0625 ADJUSTMENT TO REPLENISHMENT TAX RATE. States the calculation to be used regarding the adjustment to replenishment of the tax rate.

SECTION 3. Amends Chapter 204, Labor Code, by adding Subchapter H, SKILLS DEVELOPMENT ASSESSMENT; FUNDS

Section 204.151. SKILLS DEVELOPMENT ASSESSMENT. (a) In addition to other imposed taxes, a skills development assessment is to be imposed on each employer and states the requirements.

(b) Puts requirements on the Commission regarding the depositing of the funds.

(c) Stipulates the time and manner the skills development assessment is due, subject to penalties and interest.

Sections 204.152. HOLDING FUND. (a) Defines what the holding fund is and that it is in the custody of the comptroller separate and apart from all other public money or funds of this state.

(b) Requires the comptroller to administer the holding fund in accordance with the directions of the commission. Directs how interest accrued shall be handled.

Section 204.153 TRANSFER TO SKILLS DEVELOPMENT FUND, SKILLS DEVELOPMENT ECONOMIC STABILIZATION FUND, AND COMPENSATION FUND.

(a) Stipulates the specific conditions and parameters in which money is to be transferred into the skills development fund from the holding fund. Also sets out provisions for money to be transferred to the skills development economic stabilization fund, if outlined conditions are met.

(b) Sets out provisions for money to be transferred to the compensation fund should it fall below 100 percent of its floor and sets out the parameters.

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SECTION 4. Amends Section 303.003, Labor Code, by adding Subsection (b-1) grants the commission the authority to establish rules to create additional job incentive programs and directs the manner and partnerships for workforce training with the goal of creating and retaining employment opportunities for the state.

SECTION 5. Amends Chapter 303, Labor Code, by Section 303.0031 and 303.0032 to read as follows:

Section 303.0031 USE OF MONEY IN HOLDING FUND (GENERAL REVENUE ACCOUNT 5069) FOR SKILLS DEVELOPMENT. Specifies that the holding fund money may only be used as stated under Section 303.003.

Section 303.0032 SKILLS DEVELOPMENT ECONOMIC STABILIZATION FUND. Specifies the fund is a trust fund and how it is to be held. Also specifies money that may be accepted into the fund and timelines for transfers as specified in this act.

SECTION 6. Amends Section 2308.308, Government Code, to read as follows:

Section 2308.308 PUBLIC COMMUNITY COLLEGE. Strikes language regarding smart jobs and substitutes "skills development" and adds the site of Chapter 303, Labor Code.

SECTION 7. The change in law made by this Act to Section 204.006(a), Labor Code, takes effect January 1, 2006.

SECTION 8. Provides the effective date of this Act.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The original created the Texas Jobs Program that would have created employment opportunities and increased the job skills of the existing workforce in rural and medium-sized communities. This program would have been administered by the Texas Workforce Commission and the program would have been funded using .1 percent from the unemployment insurance fund.

The substitute uses .1 percent from unemployment insurance fund to a Holding Fund for the Skills Development Fund. Eighty percent of the funds allocated from this percent would be allocated the Skills Development Fund, while 20 percent would allocated to the Economic Stabilization Fund. The economic stabilization fund would be used during periods when the unemployment trust fund falls below the established floor. Additionally, the money from General Revenue Account 6509 would be used to fund the Skills Development Fund. The substitute also grants rulemaking authority to the Texas Workforce Commission to develop an incentives program to attract and retain jobs.