

AN ACT

relating to the use of an employer assessment to fund the Texas Enterprise Fund and the skills development program and authorizing the Texas Workforce Commission to develop new job incentive programs.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

SUBCHAPTER G. EMPLOYMENT AND TRAINING INVESTMENT ASSESSMENT; FUNDS

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

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

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

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

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

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

1 fund created under Section 204.122:

2 (1) from the first \$160 million deposited in the  
3 holding fund in any state fiscal biennium:

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

6 (i) 67 percent to the Texas Enterprise Fund  
7 created under Section 481.078, Government Code, except that the  
8 amount transferred under this paragraph may not exceed the amount  
9 appropriated by the legislature to the Texas Enterprise Fund in  
10 that biennium; and

11 (ii) 33 percent to the skills development  
12 fund created under Section 303.003, except that the amount  
13 transferred under this paragraph may not exceed the amount  
14 appropriated by the legislature to the skills development program  
15 strategies and activities in that biennium; and

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

18 (i) 75 percent to the Texas Enterprise Fund  
19 created under Section 481.078, Government Code, except that the  
20 amount transferred under this paragraph may not exceed the amount  
21 appropriated by the legislature to the Texas Enterprise Fund in  
22 that biennium; and

23 (ii) 25 percent to the skills development  
24 fund created under Section 303.003, except that the amount  
25 transferred under this paragraph may not exceed the amount  
26 appropriated by the legislature to the skills development program  
27 strategies and activities in that biennium; and

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

4           (b) If, on September 1 of a year, the commission determines  
5 that the amount in the compensation fund will be at or below 100  
6 percent of its floor as computed under Section 204.061 on the next  
7 October 1 computation date, the commission shall transfer to the  
8 compensation fund as much of the amount in the holding fund as is  
9 necessary to raise the amount in the compensation fund to 100  
10 percent of its floor, up to and including the entire amount in the  
11 holding fund. The commission shall transfer any remaining balance  
12 in the holding fund to the Texas Enterprise Fund, the skills  
13 development fund, and the training stabilization fund in the  
14 percentages prescribed by Subsection (a).

15           SECTION 4. Chapter 302, Labor Code, is amended by adding  
16 Subchapter F to read as follows:

17           SUBCHAPTER F. EMPLOYMENT AND TRAINING INVESTMENT ASSESSMENT

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

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

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

26           (b) Money in the training stabilization fund may be used in  
27 a year in which the amounts in the employment and training

1 investment holding fund are insufficient to meet the legislative  
2 appropriation for that fiscal year for either the Texas Enterprise  
3 Fund or the skills development program strategies and activities.

4 (c) Money in the training stabilization fund shall be  
5 transferred to the Texas Enterprise Fund and the skills development  
6 fund under Subsection (b) not later than September 30. The transfer  
7 under Subsection (b) shall consist of transferring 67 percent of  
8 the money in the training stabilization fund to the Texas  
9 Enterprise Fund and 33 percent of the money in the training  
10 stabilization fund to the skills development fund. The amount  
11 transferred from the training stabilization fund may not exceed the  
12 amounts appropriated to the Texas Enterprise Fund and skills  
13 development program strategies and activities in the fiscal year in  
14 which the transfer is made.

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

18 SECTION 5. Chapter 303, Labor Code, is amended by adding  
19 Section 303.0035 to read as follows:

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

25 SECTION 6. Section 303.005, Labor Code, is amended to read  
26 as follows:

27 Sec. 303.005. PARTICIPATION IN ADDITIONAL PROGRAMS;

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

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

15 SECTION 7. Section 2308.308, Government Code, is amended to  
16 read as follows:

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

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

23 (2) by employers located in the college's taxing  
24 district when the request is presented directly to the college by  
25 the employers or through the board; or

26 (3) as part of economic development incentives  
27 designed to attract or retain an employer, including incentives

1 offered under the skills development [~~smart jobs~~] fund program  
2 under [~~Subchapter J,~~] Chapter 303, Labor Code [~~481~~].

3 SECTION 8. The change in law made by this Act to Section  
4 204.006(a), Labor Code, takes effect January 1, 2006.

5 SECTION 9. Except as provided by Section 8 of this Act, this  
6 Act takes effect immediately if it receives a vote of two-thirds of  
7 all the members elected to each house, as provided by Section 39,  
8 Article III, Texas Constitution. If this Act does not receive the  
9 vote necessary for immediate effect, this Act takes effect  
10 September 1, 2005.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 2421 was passed by the House on May 13, 2005, by a non-record vote; that the House refused to concur in Senate amendments to H.B. No. 2421 on May 26, 2005, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 2421 on May 29, 2005, by the following vote: Yeas 140, Nays 1, 3 present, not voting.

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Chief Clerk of the House



H.B. No. 2421

I certify that H.B. No. 2421 was passed by the Senate, with amendments, on May 24, 2005, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 2421 on May 29, 2005, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor