

1-1 By: Chavez, et al. (Senate Sponsor - Zaffirini) H.B. No. 2421  
1-2 (In the Senate - Received from the House May 16, 2005;  
1-3 May 17, 2005, read first time and referred to Committee on Business  
1-4 and Commerce; May 23, 2005, reported favorably by the following  
1-5 vote: Yeas 6, Nays 0; May 23, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to the use of an employer assessment to fund the skills  
1-9 development program and authorizing the Texas Workforce Commission  
1-10 to develop new job incentive programs.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 204.006(a), Labor Code, is amended to  
1-13 read as follows:

1-14 (a) A person's contribution rate for the calendar year in  
1-15 which the person becomes an employer is the greater of:

1-16 (1) the rate established for that year for the major  
1-17 group to which the employer is assigned under Section 204.004, less  
1-18 one-tenth of one percent; or

1-19 (2) two and six-tenths [seven-tenths] percent.

1-20 SECTION 2. Subchapter D, Chapter 204, Labor Code, is  
1-21 amended by adding Section 204.0625 to read as follows:

1-22 Sec. 204.0625. ADJUSTMENT TO REPLENISHMENT TAX RATE. On  
1-23 and after January 1, 2006, the replenishment tax rate computed  
1-24 under Section 204.062 shall be adjusted to a rate computed by  
1-25 subtracting one-tenth of one percent from the percentage computed  
1-26 under Section 204.062(a).

1-27 SECTION 3. Chapter 204, Labor Code, is amended by adding  
1-28 Subchapter H to read as follows:

1-29 SUBCHAPTER H. SKILLS DEVELOPMENT ASSESSMENT; FUNDS

1-30 Sec. 204.151. SKILLS DEVELOPMENT ASSESSMENT. (a) In  
1-31 addition to any other taxes imposed under this subtitle, a skills  
1-32 development assessment is imposed on and after January 1, 2006, on  
1-33 each employer paying contributions under this subtitle as a  
1-34 separate assessment of one-tenth of one percent of wages paid by the  
1-35 employer.

1-36 (b) The commission shall deposit the revenue from the skills  
1-37 development assessment to the credit of the holding fund created  
1-38 under Section 204.152.

1-39 (c) The skills development assessment is due at the same  
1-40 time, collected in the same manner, and subject to the same  
1-41 penalties and interest as other contributions assessed under this  
1-42 subtitle.

1-43 Sec. 204.152. HOLDING FUND. (a) The holding fund is a  
1-44 special trust fund outside of the state treasury in the custody of  
1-45 the comptroller separate and apart from all other public money or  
1-46 funds of this state.

1-47 (b) The comptroller shall administer the holding fund in  
1-48 accordance with the directions of the commission. Interest  
1-49 accruing on amounts in the holding fund shall be deposited  
1-50 quarterly to the credit of the compensation fund.

1-51 Sec. 204.153. TRANSFER TO SKILLS DEVELOPMENT FUND, SKILLS

1-52 DEVELOPMENT ECONOMIC STABILIZATION FUND, AND COMPENSATION FUND.

1-53 (a) If, on September 1 of a year, the commission determines that  
1-54 the amount in the compensation fund is at or will exceed 100 percent  
1-55 of its floor as computed under Section 204.061 on the next October 1  
1-56 computation date, the commission shall transfer to the skills  
1-57 development fund created under Section 303.003 an amount from the  
1-58 holding fund created under Section 204.152 not to exceed the lesser  
1-59 of the amount appropriated by the legislature to the skills  
1-60 development fund in that year or 80 percent of the amount in the  
1-61 holding fund. The commission shall transfer the remaining amount  
1-62 in the holding fund to the skills development economic  
1-63 stabilization fund created under Section 303.0032.

1-64 (b) If, on September 1 of a year, the commission determines

2-1 that the amount in the compensation fund will be below 100 percent  
 2-2 of its floor as computed under Section 204.061 on the next October 1  
 2-3 computation date, the commission shall transfer to the compensation  
 2-4 fund as much of the amount in the holding fund as is necessary to  
 2-5 raise the amount in the compensation fund to 100 percent of its  
 2-6 floor, up to and including the entire amount in the holding fund.  
 2-7 The commission shall transfer any remaining balance in the holding  
 2-8 fund to the skills development fund and skills development economic  
 2-9 stabilization fund as prescribed by Subsection (a).

2-10 SECTION 4. Section 303.003, Labor Code, is amended by  
 2-11 adding Subsection (b-1) to read as follows:

2-12 (b-1) The commission by rule may establish and develop  
 2-13 additional job incentive programs that use the skills development  
 2-14 fund to create incentives for public community and technical  
 2-15 colleges in partnership with one or more employers to provide  
 2-16 workforce training in an effort to create and retain employment  
 2-17 opportunities in this state.

2-18 SECTION 5. Chapter 303, Labor Code, is amended by adding  
 2-19 Sections 303.0031 and 303.0032 to read as follows:

2-20 Sec. 303.0031. USE OF MONEY IN HOLDING FUND (GENERAL  
 2-21 REVENUE ACCOUNT 5069) FOR SKILLS DEVELOPMENT. Money in the holding  
 2-22 fund (general revenue account number 5069) may be used only for the  
 2-23 purposes for which the money in the skills development fund created  
 2-24 under Section 303.003 may be used.

2-25 Sec. 303.0032. SKILLS DEVELOPMENT ECONOMIC STABILIZATION  
 2-26 FUND. (a) The skills development economic stabilization fund is  
 2-27 established as a special trust fund outside of the state treasury in  
 2-28 the custody of the comptroller separate and apart from all other  
 2-29 public money or funds of this state. The fund is composed of:

2-30 (1) money transferred into the fund under Section  
 2-31 204.153; and

2-32 (2) gifts, grants, and other money received by the  
 2-33 commission for deposit in the fund.

2-34 (b) Money in the skills development economic stabilization  
 2-35 fund may be transferred to the skills development fund created  
 2-36 under Section 303.003 not later than September 30 of any year in  
 2-37 which the funds in the holding fund under Section 204.152 are  
 2-38 insufficient to meet the legislative appropriation made for the  
 2-39 skills development fund in that year.

2-40 (c) Interest accruing on money in the skills development  
 2-41 economic stabilization fund shall be deposited quarterly to the  
 2-42 credit of the compensation fund.

2-43 SECTION 6. Section 2308.308, Government Code, is amended to  
 2-44 read as follows:

2-45 Sec. 2308.308. PUBLIC COMMUNITY COLLEGE. A public  
 2-46 community college shall promptly provide workforce training and  
 2-47 services that are requested:

2-48 (1) by a board if the need for the training and  
 2-49 services is based on the labor market information system available  
 2-50 for the area;

2-51 (2) by employers located in the college's taxing  
 2-52 district when the request is presented directly to the college by  
 2-53 the employers or through the board; or

2-54 (3) as part of economic development incentives  
 2-55 designed to attract or retain an employer, including incentives  
 2-56 offered under the skills development [smart jobs] fund program  
 2-57 under [Subchapter J,] Chapter 303, Labor Code [481].

2-58 SECTION 7. The change in law made by this Act to Section  
 2-59 204.006(a), Labor Code, takes effect January 1, 2006.

2-60 SECTION 8. Except as provided by Section 7 of this Act, this  
 2-61 Act takes effect September 1, 2005.

2-62 \* \* \* \* \*