

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.

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