

BILL ANALYSIS

H.B. 4065
By: Otto
Economic Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

While economic development initiatives encourage for-profit businesses to locate and expand in Texas, no such initiatives exist for non-profit training centers to expand current operations and to provide greater outreach to applicable communities. Expansion for these centers often means financial loss to the non-profit and leads to potential periods of financial instability.

A pilot grant program administered by the Texas Workforce Commission will demonstrate support for those organizations and promote employment and training opportunities for people who are chronically underserved and underemployed. This initiative may also create new retail stores to increase shopping options for people with low incomes and new training centers for people to develop skills necessary to go to work and to begin building careers toward self-sufficiency.

As proposed, H.B. 4065 authorizes a qualified community workforce training center to apply for a grant which they can use toward costs of capital construction, expansion, or renovation for a permanent structure. This bill sets forth certain standards for that reimbursement.

RULEMAKING AUTHORITY

It is the opinion of the committee that rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 1 of this bill.

ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 302, Labor Code, by adding Section 302.015 as follows:

Section. 302.015. CONSTRUCTION OF JOB TRAINING AND EMPLOYMENT SERVICES FACILITIES; PILOT GRANT PROGRAM.

(a) Defines entities which qualify under this Section by setting the guidelines for a "qualified workforce community training center." To qualify, an entity must specialize in the retail sale of donated items, provide employment services and training to individuals with disabilities or other barriers to employment, use a majority of its revenues for employment programs and training that generate and promote economic development, maintain at least a 50 percent (50%) ratio of employees who have a disability or other barrier to employment, be exempt from federal taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c)(3) of that code, operate in at least three counties, have multiple locations, and be affiliated with a statewide organization.

(b) Requires the Texas Workforce Commission (commission) to establish a pilot program under which the commission contracts with the Texas Association of Goodwills in order to administer grants to reimburse qualified workforce training centers for costs associated with the construction of new facilities that provide employment services or job training. The bill states that this contract must provide that the commission receive a one percent (1%) administrative fee for managing the grant program. Each grant is funded only upon the completion of the facility for which the grant is awarded and notification from the commission that the terms of the grant have been satisfied.

(c) Establishes that the total amount of grants awarded under this section may not exceed \$3 million.

(d) States that the commission may adopt rules for the administration of this section.

(e) Requires the commission to report to the legislature, no later than January 1, 2009, regarding the commission's assessment of the effectiveness of the pilot program in generating and promoting economic development and their recommendation regarding the continuation of the program.

(f) States the expiration date for this section.

SECTION 2. States the effective date for this Act.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.