

By: Brimer

S.B. No. 1530

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the establishment of economic and business development
3 programs to be administered by the Texas Department of Economic
4 Development.

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

6 SECTION 1.01. Subchapter B, Chapter 481, Government Code,
7 is amended by adding Section 481.0215 to read as follows:

8 Sec. 481.0215. COORDINATION OF ECONOMIC DEVELOPMENT
9 EFFORTS. (a) The Texas Economic Development Office shall work
10 with the legislature and state agencies to identify grants and
11 programs at all levels of government and to maximize access to
12 federal funds for economic development.

13 (b) At the direction of the governor, the Texas Economic
14 Development Office shall work with each state agency that
15 administers a program relating to job training or job creation,
16 including the Texas Workforce Commission, the Department of
17 Agriculture, and the Office of Rural Affairs, to address the
18 challenges facing the agencies relating to job training and job
19 creation.

20 (c) The Texas Economic Development Office shall direct the
21 Texas Economic Development Corporation to form partnerships or
22 enter into agreements with private entities and develop connections
23 with existing businesses in this state for the purpose of improving
24 the marketing of this state through networking and clarifying the

1 potential of the businesses for expansion.

2 SECTION 1.02. Section 481.0725, Government Code, is amended
3 to read as follows:

4 Sec. 481.0725. GENERAL POWERS AND DUTIES. The Texas
5 Economic Development Office [~~department~~] shall:

6 (6) use market research to establish a state-level
7 marketing program targeted at business decision makers, to take
8 advantage of the economic development programs of this state, and
9 to achieve the goal of making this state a business destination; and

10 (7) establish a lead generation program to identify
11 potential employers and business citizens and to form networks with
12 existing businesses in this state.

13 SECTION 1.03. Sections 481.087(a) and (b), Government Code,
14 as amended by Chapters 18 and 602, Acts of the 72nd Legislature,
15 Regular Session, 1991, are amended to read as follows:

16 (a) The Texas rural economic development fund is a
17 [~~guaranteed loan~~] fund in the state treasury. The Texas Economic
18 Development Office [~~department~~] may use money in the fund to
19 establish a reserve fund, in an amount determined by the Texas
20 Economic Development Office [~~department~~] as appropriate, for bonds
21 issued under [~~Subchapter E of~~] this chapter for projects that
22 [~~which~~] are [~~also~~] eligible under this subchapter or to insure and
23 guarantee the bonds in any other manner. [~~Reserve funds for the~~
24 ~~issuance of bonds under Subchapters Q and U may only be created on~~
25 ~~approval of the Product Development Advisory Board or the Product~~
26 ~~Commercialization Advisory Board, as applicable.~~]

27 (b) Appropriations for the implementation and

1 administration of this subchapter, interest paid on money in the
2 fund, investment earnings, and fees shall be deposited in the fund.
3 The Texas Economic Development Office [~~department~~] may [~~also~~]
4 deposit proceeds of bonds [~~funds~~] issued under [~~Subchapter E of~~]
5 this chapter in the fund.

6 SECTION 1.04. Chapter 481, Government Code, is amended by
7 adding Subchapter I to read as follows:

8 SUBCHAPTER I. IDENTIFICATION OF POTENTIAL NEW PROSPECTS; TAX
9 INCENTIVE PROPOSAL

10 Sec. 481.141. TAX INCENTIVE RECOMMENDATIONS. The Texas
11 Economic Development Office shall formulate tax incentive programs
12 designed to competitively recruit businesses to this state. Not
13 later than December 1 of each even-numbered year, the Texas
14 Economic Development Office shall recommend the programs to the
15 legislature.

16 Sec. 481.142. IDENTIFICATION OF POTENTIAL NEW PROSPECTS.
17 If the Texas Economic Development Office determines that tax
18 incentives would encourage a business entity to expand in or
19 relocate to this state, the Texas Economic Development Office shall
20 enter an order identifying the business as a potential new
21 prospect.

22 Sec. 481.143. IDENTIFICATION OF AREAS ELIGIBLE FOR
23 DESIGNATION AS REINVESTMENT ZONE. The Texas Economic Development
24 Office may identify areas that are eligible for designation as
25 reinvestment zones under Chapter 311 or 312, Tax Code. The Texas
26 Economic Development Office shall inform a governing body of a
27 municipality or county that has the authority to designate an area

1 as a reinvestment zone under Chapter 311 or 312, Tax Code, that the
2 Texas Economic Development Office has identified an area in the
3 municipality or county as eligible for designation as a
4 reinvestment zone under this section.

5 Sec. 481.144. TAX INCENTIVES FOR IDENTIFIED POTENTIAL NEW
6 PROSPECTS. (a) The Texas Economic Development Office shall
7 compile a tax incentive package for each business identified as a
8 potential new prospect under Section 481.142. A tax incentive
9 package may:

10 (1) provide that the identified potential new prospect
11 is eligible for increased tax credits under Section 171.723,
12 171.753, or 171.803, Tax Code;

13 (2) recommend that a taxing unit enter into a tax
14 abatement agreement with an identified potential new prospect under
15 Chapter 311 or 312, Tax Code; and

16 (3) recommend that a school district grant an
17 identified potential new prospect a limitation on appraised value
18 under Chapter 313, Tax Code.

19 (b) An identified potential new prospect is eligible for any
20 tax incentives proposed by the Texas Economic Development Office if
21 the proposal is approved by:

22 (1) the governor;

23 (2) the comptroller; and

24 (3) the lieutenant governor.

25 Sec. 481.145. ASSISTANCE. The comptroller and the Texas
26 Workforce Commission shall assist the Texas Economic Development
27 Office in compiling the information necessary to make

1 recommendations under this subchapter.

2 SECTION 1.05. Chapter 481, Government Code, is amended by
3 adding Subchapter J to read as follows:

4 SUBCHAPTER J. FUNDING FOR JOBS CREATION AND SKILLS DEVELOPMENT

5 Sec. 481.151. JOBS CREATION FUND. (a) The jobs creation
6 fund is an account in the general revenue fund.

7 (b) The jobs creation fund is composed of:

8 (1) money transferred into the fund under Section
9 204.143, Labor Code;

10 (2) money transferred into the fund as provided by
11 Section 57.043, Utilities Code;

12 (3) gifts, grants, and other donations received by the
13 Texas Economic Development Office for the fund; and

14 (4) any amounts appropriated by the legislature for
15 the fund.

16 (c) Money in the jobs creation fund may be used only for the
17 jobs creation fund program.

18 (d) The Texas Economic Development Office may recommend to
19 the legislature that an amount be appropriated from the economic
20 stabilization fund to the jobs creation fund.

21 Sec. 481.152. RAINY DAY FUND. (a) The jobs creation rainy
22 day fund is established as a special trust fund in the custody of
23 the comptroller separate and apart from all public money or funds of
24 this state.

25 (b) The jobs creation rainy day fund is composed of:

26 (1) money transferred to the fund as provided by
27 Section 204.143, Labor Code; and

1 (2) any other money received by the Texas Economic
2 Development Office for deposit in the fund.

3 (c) The Texas Economic Development Office may use money in
4 the jobs creation rainy day fund if the Texas Economic Development
5 Office determines that, after consulting with the comptroller, the
6 jobs creation fund contains insufficient money to cover the amounts
7 appropriated by the legislature to operate the jobs creation fund
8 program and that:

9 (1) the unemployment rate in this state is 125 percent
10 of the average unemployment rate in this state during the preceding
11 three years; or

12 (2) a severe economic dislocation is occurring in a
13 specific region of this state.

14 (d) The Texas Economic Development Office by rule shall
15 define "severe economic dislocation" for purposes of Subsection
16 (c). In adopting a definition, the Texas Economic Development
17 Office shall consider employment-related factors, including:

18 (1) massive layoffs in a region of this state caused
19 by:

20 (A) the closure of military bases;

21 (B) the effect of the implementation of the North
22 American Free Trade Agreement;

23 (C) employer relocations; or

24 (D) other analogous situations; and

25 (2) the number of jobs lost in a region compared to the
26 region's usual rates of employment.

27 (e) If the Texas Economic Development Office approves the

1 use of money from the jobs creation rainy day fund because of a
2 severe economic dislocation occurring in a specific region of the
3 state, the Texas Economic Development Office may use the money
4 allocated from the jobs creation rainy day fund solely for projects
5 located in the affected region.

6 Sec. 481.153. JOBS CREATION FUND PROGRAM. (a) The jobs
7 creation fund program is created in the office of the governor as a
8 workforce development incentive program to enhance employment
9 opportunities and to increase the competitiveness of the existing
10 workforce in this state.

11 (b) The jobs creation fund program shall give priority to
12 training new workers, retraining workers who have lost their jobs,
13 and upgrading technical skills for incumbent workers.

14 (c) The Texas Economic Development Office shall administer
15 the program.

16 (d) The Texas Economic Development Office shall adopt rules
17 as necessary to implement the program.

18 Sec. 481.154. TRAINING FOR IDENTIFIED POTENTIAL NEW
19 PROSPECTS. The jobs creation fund program shall provide training
20 for employees of identified potential new prospects through
21 agreements with local technical schools, labor union training
22 programs, local community colleges, or higher education extension
23 agencies.

24 Sec. 481.155. REFUND OF UNEXPENDED AMOUNTS. The Texas
25 Economic Development Office, in consultation with the Texas
26 Employment Commission, shall adopt rules to provide for the refund
27 of unexpended amounts in the jobs creation fund to employers that

1 paid the jobs creation and training assessment imposed under
2 Section 204.141, Labor Code, for the period during which the
3 unexpended amounts were collected.

4 Sec. 481.156. RECOMMENDATIONS FOR SKILLS DEVELOPMENT FUND.
5 The Texas Economic Development Office, with the assistance of the
6 Texas Workforce Commission, shall make recommendations to the
7 governor for enhancing the skills development fund to meet the
8 needs of identified potential new prospects.

9 SECTION 1.06. Subchapter K, Chapter 481, Government Code,
10 is amended by adding Section 481.169 to read as follows:

11 Sec. 481.169. ADVISORY BOARD OF ECONOMIC DEVELOPMENT
12 STAKEHOLDERS. (a) An advisory board of economic development
13 stakeholders is created to assist the Texas Economic Development
14 Office.

15 (b) The governor shall appoint seven members to the advisory
16 board. The governor shall appoint three of the initial members to
17 two-year terms, and shall appoint four of the initial members to
18 four-year terms. Thereafter, the governor shall appoint each
19 member of the advisory board to a four-year term.

20 (c) The advisory board shall collect and disseminate
21 information on federal, state, local, and private community
22 economic development programs, including loans, grants, and other
23 funding sources.

24 SECTION 1.07. Subchapter L, Chapter 481, Government Code,
25 is amended by adding Sections 481.1721 and 481.1722 to read as
26 follows:

27 Sec. 481.1721. HERITAGE TOURISM. (a) The Texas Economic

1 Development Office may promote the appreciation of historic sites,
2 structures, or objects in this state through a program designed to
3 develop tourism in this state.

4 (b) The Texas Economic Development Office shall promote
5 heritage tourism by assisting persons, including local
6 governments, organizations, and individuals, in the preservation,
7 enhancement, and promotion of heritage and cultural attractions in
8 this state. The program must include efforts to:

9 (1) raise the standards of heritage and cultural
10 attractions around this state;

11 (2) foster heritage preservation and education;

12 (3) encourage regional cooperation and promotion of
13 heritage and cultural attractions; and

14 (4) foster effective local tourism leadership and
15 organizational skills.

16 Sec. 481.1722. HIGHWAY TOURISM AND ADVERTISING. (a) The
17 Texas Economic Development Office may compile and publish for
18 distribution documents, including bulletins and pamphlets, to:

19 (1) disseminate information relating to highway
20 construction, repair, maintenance, and upkeep;

21 (2) advertise the highways of this state; and

22 (3) attract traffic to this state.

23 (b) A document compiled or published under Subsection (a)
24 shall contain information relating to:

25 (1) the highways of this state;

26 (2) public parks, recreational grounds, scenic
27 places, and other public places or objects of interest;

- 1 (3) distances;
- 2 (4) historical facts; or
- 3 (5) other items or matters of interest and value to the
- 4 general public and road users.

5 (c) The Texas Economic Development Office may make or cause
6 to be made maps showing the highways of this state and the
7 municipalities and other places of interest served and reached by
8 the highways. The Texas Economic Development Office may publish
9 and distribute the maps in a manner determined by the Texas Economic
10 Development Office to best benefit the public.

11 (d) Single copies of documents, maps, and other travel
12 materials distributed by the Texas Economic Development Office
13 under this section shall be provided free of charge. The Texas
14 Economic Development Office by rule may require payment for large
15 quantities of the materials in an amount sufficient to recover its
16 direct and indirect production costs and may authorize the free
17 distribution of multiple copies if the distribution will maximize
18 the Texas Economic Development Office's resources for advertising
19 the highways of this state and promoting travel to and within this
20 state. Money paid to the Texas Economic Development Office under
21 this section shall be deposited to the credit of the tourism account
22 in the general revenue fund to finance the Texas Economic
23 Development Office's tourism activities. Section 403.095 does not
24 apply to funds deposited in the tourism account under this
25 subsection.

26 (e) The Texas Economic Development Office shall maintain
27 and operate travel information centers at the principal gateways to

1 this state for the purpose of providing road information, travel
2 guidance, and various descriptive materials, pamphlets, and
3 booklets designed to furnish aid and assistance to the traveling
4 public and stimulate travel to and within this state.

5 (f) The Texas Economic Development Office may:

6 (1) purchase advertising space in periodicals of
7 national circulation or time on broadcasting facilities;

8 (2) contract with a recognized and financially
9 responsible advertising agency that has a minimum of five years of
10 experience in handling accounts of similar scope;

11 (3) contract for space in magazines, papers, or
12 periodicals for the publication of advertising or other information
13 that the Texas Economic Development Office determines is useful and
14 informative to persons outside this state; or

15 (4) contract with a motion picture producer or another
16 person for the taking of moving or still pictures in this state and
17 provide for the showing of the films.

18 (g) The Texas Economic Development Office may accept
19 contributions from private persons to fund the Texas Economic
20 Development Office's activities under this section and may deposit
21 the contributions in a bank to be used at the discretion of the
22 Texas Economic Development Office in compliance with the wishes of
23 the donor, to the extent practicable.

24 (h) The Texas Economic Development Office may contract with
25 private entities for the production, marketing, and distribution of
26 pamphlets, bulletins, documents, and other travel materials
27 published under Subsection (a) on terms considered by the Texas

1 Economic Development Office to be beneficial to this state,
2 including terms providing cost savings. A contract may include
3 cooperative strategies considered by the Texas Economic
4 Development Office to be cost-beneficial and may provide for the
5 acceptance of paid advertising in the travel materials if the
6 quality and quantity of the travel materials is maintained.

7 (i) The Texas Economic Development Office may sell
8 promotional items such as calendars, books, prints, caps, light
9 clothing, or other items approved by the Texas Economic Development
10 Office as advertising the resources of this state. All proceeds
11 from the sale of the items shall be deposited to the credit of the
12 tourism account in the general revenue fund to finance the Texas
13 Economic Development Office's tourism activities. Section 403.095
14 does not apply to funds deposited in the tourism account under this
15 subsection.

16 SECTION 1.08. Subchapter P, Chapter 481, Government Code,
17 is amended by adding Section 481.213 to read as follows:

18 Sec. 481.213. ADVANCED TECHNOLOGY RESOURCE CENTER. (a) In
19 this section, "center" means the Advanced Technology Resource
20 Center.

21 (b) The Texas Economic Development Office shall establish
22 the center to study and collect information relating to emerging
23 industries, including microelectronics, telecommunications, and
24 biotechnology.

25 (c) The Texas Economic Development Office shall appoint an
26 advisory board composed of individuals with contacts with or
27 experience in private-sector or higher education research and

1 development establishments. The advisory board shall administer
2 the center, stay informed of new technology, and advise the Texas
3 Economic Development Office of new prospects for quality future
4 employment.

5 (d) The center, with the assistance of the Texas Economic
6 Development Office, shall establish and maintain an Internet site
7 that provides the public with access to the information compiled
8 under this section.

9 ARTICLE 2. TAX INCENTIVES FOR IDENTIFIED POTENTIAL NEW PROSPECTS

10 SECTION 2.01. Sections 171.723(a) and (d), Tax Code, are
11 amended to read as follows:

12 (a) The credit for any report equals 10 [~~five~~] percent of
13 the sum of:

14 (1) the excess of qualified research expenses incurred
15 in this state during the period upon which the tax is based over the
16 base amount for this state; and

17 (2) the basic research payments determined under
18 Section 41(e)(1)(A), Internal Revenue Code, for this state during
19 the period upon which the tax is based.

20 (d) In computing the credit under this section:

21 (1) [7] a corporation may multiply by two the amount of
22 any qualified research expenses and basic research payments made in
23 a strategic investment area; or

24 (2) a corporation that is eligible for an increased
25 credit as provided by Section 481.144, Government Code, may
26 multiply by two the amount of any qualified research expenses and
27 basic research payments made on or before the third anniversary of

1 the date on which the corporation is identified as a potential new
2 prospect.

3 SECTION 2.02. Section 171.751(9), Tax Code, as effective
4 September 1, 2003, is amended to read as follows:

5 (9) "Qualifying job" means a new permanent full-time
6 job that:

7 (A) ~~[is located in:~~
8 ~~[(i) a strategic investment area,~~
9 ~~[(ii) a county within this state with a~~
10 ~~population of less than 50,000, if the job is created by a business~~
11 ~~primarily engaged in agricultural processing; or~~
12 ~~[(iii) an enterprise zone or a readjustment~~
13 ~~zone, regardless of whether the job meets the qualifications~~
14 ~~prescribed by Paragraphs (B)-(F), if the job is created by a~~
15 ~~qualified business that has been designated as an enterprise~~
16 ~~project or defense readjustment project, respectively,~~

17 ~~[(B)]~~ requires at least 1,600 hours of work a
18 year;

19 (B) ~~[(C)]~~ pays at least 110 percent of the county
20 average weekly wage for the county where the job is located;

21 (C) ~~[(D)]~~ is covered by a group health benefit
22 plan for which the business pays at least 80 percent of the premiums
23 or other charges assessed under the plan for the employee;

24 (D) ~~[(E)]~~ is not transferred from one area in
25 this state to another area in this state; and

26 (E) ~~[(F)]~~ is not created to replace a previous
27 employee.

1 SECTION 2.03. Section 171.751(9), Tax Code, as effective
2 January 1, 2005, is amended to read as follows:

3 (9) "Qualifying job" means a new permanent full-time
4 job that:

5 (A) ~~[is located in:~~
6 ~~[(i) a strategic investment area, or~~
7 ~~[(ii) a county within this state with a~~
8 ~~population of less than 50,000, if the job is created by a business~~
9 ~~primarily engaged in agricultural processing;~~

10 ~~[(B)]~~ requires at least 1,600 hours of work a
11 year;

12 (B) ~~[(C)]~~ pays at least 110 percent of the county
13 average weekly wage for the county where the job is located;

14 (C) ~~[(D)]~~ is covered by a group health benefit
15 plan for which the business pays at least 80 percent of the premiums
16 or other charges assessed under the plan for the employee;

17 (D) ~~[(E)]~~ is not transferred from one area in
18 this state to another area in this state; and

19 (E) ~~[(F)]~~ is not created to replace a previous
20 employee.

21 SECTION 2.04. Section 171.753, Tax Code, is amended to read
22 as follows:

23 Sec. 171.753. CALCULATION OF CREDIT. (a) A corporation
24 may establish a credit equal to five percent of the total wages and
25 salaries paid by the corporation for qualifying jobs during the
26 period upon which the tax is based.

27 (b) A corporation that is eligible for an increased credit

1 as provided by Section 481.144, Government Code, may establish a
2 credit equal to:

3 (1) for the period on or before the third anniversary
4 of the date on which the corporation is identified as a potential
5 new prospect under Section 481.142, Government Code:

6 (A) 20 percent of the total wages and salaries
7 paid by the corporation for qualifying jobs during the period upon
8 which the tax is based; or

9 (B) 40 percent of the total wages and salaries
10 paid by the corporation for qualifying jobs in a strategic
11 investment area during the period upon which the tax is based; and

12 (2) for the period after the third anniversary and on
13 or before the sixth anniversary of the date on which the corporation
14 is identified as a potential new prospect under Section 481.142,
15 Government Code:

16 (A) 10 percent of the total wages and salaries
17 paid by the corporation for qualifying jobs during the period upon
18 which the tax is based; or

19 (B) 20 percent of the total wages and salaries
20 paid by the corporation for qualifying jobs in a strategic
21 investment area during the period upon which the tax is based.

22 SECTION 2.05. Section 171.755(a), Tax Code, is amended to
23 read as follows:

24 (a) The total credit claimed under this subchapter for a
25 report, including the amount of any carryforward credit under
26 Section 171.756, may not exceed 50 percent of the amount of
27 franchise tax due for the report before any other applicable tax

1 credits. This subsection does not apply to a corporation that is
2 eligible for an increased credit as provided by Section 481.144,
3 Government Code, on or before the third anniversary of the date on
4 which the corporation is identified as a potential new prospect
5 under Section 481.142, Government Code.

6 SECTION 2.06. Section 171.801(2), Tax Code, as effective
7 September 1, 2003, is amended to read as follows:

8 (2) "Qualified capital investment" means tangible
9 personal property first placed in service in this state [~~a~~
10 ~~strategic investment area, first placed in service in a county with~~
11 ~~a population of less than 50,000 by a corporation primarily engaged~~
12 ~~in agricultural processing, or first placed in service in an~~
13 ~~enterprise zone or defense readjustment zone by a qualified~~
14 ~~business that has been designated as an enterprise project or~~
15 ~~readjustment project, respectively, and]~~

16 that is described in Section 1245(a), Internal Revenue Code, such as engines, machinery,
17 tools, and implements used in a trade or business or held for
18 investment and subject to an allowance for depreciation, cost
19 recovery under the accelerated cost recovery system, or
20 amortization. The term does not include real property or buildings
21 and their structural components. Property that is leased under a
22 capitalized lease is considered a "qualified capital investment,"
23 but property that is leased under an operating lease is not
24 considered a "qualified capital investment." Property expensed
25 under Section 179, Internal Revenue Code, is not considered a
26 "qualified capital investment."

27 SECTION 2.07. Section 171.801(2), Tax Code, as effective

1 January 1, 2005, is amended to read as follows:

2 (2) "Qualified capital investment" means tangible
3 personal property first placed in service in this state [~~a~~
4 ~~strategic investment area, or first placed in service in a county~~
5 ~~with a population of less than 50,000 by a corporation primarily~~
6 ~~engaged in agricultural processing, and]~~ that is described in
7 Section 1245(a), Internal Revenue Code, such as engines, machinery,
8 tools, and implements used in a trade or business or held for
9 investment and subject to an allowance for depreciation, cost
10 recovery under the accelerated cost recovery system, or
11 amortization. The term does not include real property or buildings
12 and their structural components. Property that is leased under a
13 capitalized lease is considered a "qualified capital investment,"
14 but property that is leased under an operating lease is not
15 considered a "qualified capital investment." Property expensed
16 under Section 179, Internal Revenue Code, is not considered a
17 "qualified capital investment."

18 SECTION 2.08. Section 171.803, Tax Code, is amended to read
19 as follows:

20 Sec. 171.803. CALCULATION OF CREDIT. (a) A corporation
21 may establish a credit equal to 7.5 percent of the qualified capital
22 investment during the period upon which the tax is based. A
23 corporation may establish a credit equal to 15 percent of the
24 qualified capital investment first placed into service in a
25 strategic investment area during the period upon which the tax is
26 based.

27 (b) A corporation that is eligible for an increased credit

1 as provided by Section 481.144, Government Code, may establish a
2 credit equal to:

3 (1) 20 percent of a qualified capital investment
4 during the period upon which the tax is based, on or before the
5 third anniversary of the date on which a corporation is identified
6 as a potential new prospect under Section 481.142, Government Code;
7 and

8 (2) 10 percent of a qualified capital investment
9 during the period upon which the tax is based, after the third
10 anniversary and on or before the sixth anniversary of the date on
11 which the corporation is identified as a potential new prospect
12 under Section 481.142, Government Code.

13 SECTION 2.09. Section 311.0125, Tax Code, is amended by
14 adding Subsection (e) to read as follows:

15 (e) In determining whether to approve an agreement to abate
16 taxes on real property in a reinvestment zone under Subsection (b),
17 the board of directors of the reinvestment zone and the governing
18 body of a taxing unit shall consider any recommendation made by the
19 economic development Texas Economic Development Office.

20 SECTION 2.10. Section 312.204, Tax Code, is amended by
21 adding Subsection (g) to read as follows:

22 (g) In determining whether to enter into a tax abatement
23 agreement under this section, the governing body of a municipality
24 shall consider any recommendation made by the economic development
25 Texas Economic Development Office.

26 SECTION 2.11. Section 312.402, Tax Code, is amended by
27 adding Subsection (f) to read as follows:

1 (f) In determining whether to enter into a tax abatement
2 agreement under this section, the commissioners court of a county
3 shall consider any recommendation made by the economic development
4 Texas Economic Development Office.

5 SECTION 2.12. Section 313.025, Tax Code, is amended by
6 adding Subsection (g) to read as follows:

7 (g) In determining whether to grant an application, the
8 governing body of the school district shall consider any
9 recommendation made by the economic development Texas Economic
10 Development Office.

11 ARTICLE 3. CHANGES RELATING TO JOBS CREATION FUNDING

12 SECTION 3.01. Section 204.006(a), Labor Code, is amended to
13 read as follows:

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

16 (1) the rate established for that year for the major
17 group to which the employer is assigned under Section 204.004; or

18 (2) two and six-tenths [~~seven-tenths~~] percent.

19 SECTION 3.02. Section 204.062(a), Labor Code, is amended to
20 read as follows:

21 (a) In addition to the general tax computed under Subchapter
22 C, an employer entitled to an experience rate shall pay a
23 replenishment tax at the rate computed by:

24 (1) dividing the numerator described by Subsection (b)
25 by the denominator described by Subsection (c);

26 (2) multiplying that result by 100 to obtain a
27 percentage; [~~and~~]

- 1 (3) rounding that result to the nearest hundredth; and
2 (4) subtracting 0.1 from the resulting quotient.

3 SECTION 3.03. Chapter 204, Labor Code, is amended by adding
4 Subchapter H to read as follows:

5 SUBCHAPTER H. JOBS CREATION AND TRAINING ASSESSMENT; FUNDS

6 Sec. 204.141. JOBS CREATION AND TRAINING ASSESSMENT.

7 (a) In addition to any other taxes imposed by this subtitle, a jobs
8 creation and training assessment is imposed on each employer paying
9 contributions under this subtitle as a separate assessment of
10 one-tenth percent of wages paid by the employer.

11 (b) The commission shall deposit the revenue from the jobs
12 creation and training assessment to the credit of the holding fund
13 created under Section 204.142.

14 (c) The jobs creation and training assessment is due at the
15 same time, collected in the same manner, and subject to the same
16 penalties and interest as other contributions assessed under this
17 subtitle.

18 Sec. 204.142. HOLDING FUND. (a) The holding fund is a
19 special trust fund in the custody of the comptroller separate and
20 apart from all public money or funds of this state.

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

25 Sec. 204.143. TRANSFER TO JOBS CREATION FUND. (a) If, on
26 September 1 of a year, the commission determines that the amount in
27 the compensation fund will exceed 100 percent of its floor as

1 computed under Section 204.061 on the next October 1 computation
2 date, the commission shall transfer from the holding fund created
3 under Section 204.142:

4 (1) 80 percent of the amount in the holding fund to the
5 jobs creation fund created under Section 481.151, Government Code;
6 and

7 (2) 20 percent of the amount in the holding fund to the
8 jobs creation rainy day fund created under Section 481.152,
9 Government Code.

10 (b) If, on September 1 of a year, the commission determines
11 that the amount in the compensation fund will be at or below 100
12 percent of its floor as computed under Section 204.061 on the next
13 October 1 computation date, the commission shall transfer to the
14 compensation fund as is necessary to raise the amount in the
15 compensation fund to 100 percent of its floor, up to and including
16 the entire amount in the holding fund. The commission shall
17 transfer any remaining balance in the holding fund to the jobs
18 creation fund and the jobs creation rainy day fund in the
19 percentages prescribed by Subsection (a).

20 SECTION 3.04. Section 57.043, Utilities Code, is amended by
21 adding Subsection (d) to read as follows:

22 (d) The comptroller may, at the request of the governor,
23 transfer money from the telecommunications infrastructure fund to
24 the jobs creation fund to be used for training programs and distance
25 learning.

26 ARTICLE 4. EFFECTIVE DATE; TRANSITION

27 SECTION 4.01. (a) Except as provided by Subsection (b) of

1 this section, this Act takes effect September 1, 2003.

2 (b) Sections 3.03 and 3.07 of this Act take effect September
3 1, 2005.

4 SECTION 4.02. The changes in law made by Article 3 of this
5 Act apply only to taxes imposed on or after the effective date of
6 this Act. Taxes imposed before the effective date of this Act are
7 governed by the law as it existed immediately before that date, and
8 the former law is continued in effect for purposes of liability for
9 and collection of those taxes.