

BILL ANALYSIS

Senate Research Center
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H.B. 2421
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Under current law there is no workforce development program specifically aimed at creating employment opportunities and increasing the job skills of the existing workforce in rural and medium-sized communities in Texas. H.B. 2421 creates a new program to award grants for the creation and retention of jobs in rural and medium-sized communities. The grant money will be competitively awarded to companies based on each application's anticipated economic impact. H.B. 2421 will encourage economic development by creating incentives to help finalize local economic development deals.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 4 (Section 303.003, Labor Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 204.006(a), Labor Code, to provide that a person's contribution rate for the calendar year in which the person becomes an employer is the greater of 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 two and six-tenths, rather than two and seven-tenths, percent.

SECTION 2. Amends Subchapter D, Chapter 204, Labor Code, by adding Section 204.0625, as follows:

Sec. 204.0625. ADJUSTMENT TO REPLENISHMENT TAX RATE. Requires the replenishment tax rate, on or after January 1, 2006, to be adjusted to a rate computed by subtracting one-tenth of one percent from the percentage computed under Section 204.062(a).

SECTION 3. Amends Chapter 204, Labor Code, by adding Subchapter H, as follows:

SUBCHAPTER H. SKILLS DEVELOPMENT ASSESSMENT; FUNDS

Sec. 204.151. SKILLS DEVELOPMENT ASSESSMENT. Provides that, in addition to any other taxes imposed under this subtitle, a skills development assessment is imposed on and after January 1, 2006, on each employer paying contributions under this subtitle as a separate assessment of one-tenth of one percent of wages paid by the employer. Requires the Texas Workforce Commission (TWC) to deposit the revenue from the skills development assessment to the credit of the holding fund created under Section 204.152. Provides that the skills development assessment is due at the same time, collected in the same manner, and subject to the same penalties and interest as other contributions assessed under this subtitle.

Sec. 204.152. HOLDING FUND. Provides that the holding fund is a special trust fund outside of the state treasury in the custody of the comptroller of public accounts (comptroller) separate and apart from all other public money or funds of this state. Requires the comptroller to administer the holding fund in accordance with the directions of the TWC. Requires interest accruing on amounts in the holding fund to be deposited quarterly to the credit of the compensation fund.

Sec. 204.153. TRANSFER TO SKILLS DEVELOPMENT FUND, SKILLS DEVELOPMENT ECONOMIC STABILIZATION FUND, AND COMPENSATION FUND. Requires TWC, if on September 1 of a year TWC determines that the amount in the compensation fund is at or will exceed 100 percent of its floor as computed under Section 204.061 on the next October 1 computation date, to transfer to the skills development fund created under Section 303.003 an amount from the holding fund created under Section 204.152 not to exceed the lesser of the amount appropriated by the legislature to the skills development fund in that year or 80 percent of the amount in the holding fund. Requires TWC to transfer the remaining amount in the holding fund to the skills development economic stabilization fund created under Section 303.0032. Requires TWC, if on September 1 of a year TWC determines that the amount in the compensation fund will be below 100 percent of its floor as computed under Section 204.061 on the next October 1 computation date, to transfer to the compensation fund as much of the amount in the holding fund as is necessary to raise the amount in the compensation fund to 100 percent of its floor, up to and including the entire amount in the holding fund. Requires TWC to transfer any remaining balance in the holding fund to the skills development fund and skills development economic fund as prescribed by this section.

SECTION 4. Amends Section 303.003, Labor Code, by adding Subsection (b-1), to authorize TWC, by rule, to establish and develop additional job incentive programs that use the skills development fund to create incentives for public community and technical colleges in partnership with one or more employers to provide workforce training in an effort to create and retain employment opportunities in this state.

SECTION 5. Amends Chapter 303, Labor Code, by adding Sections 303.0031 and 303.0032, as follows:

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

Sec. 303.0032. SKILLS DEVELOPMENT ECONOMIC STABILIZATION FUND. Provides that the skills development economic stabilization fund is established as a special trust fund outside of the state treasury in the custody of the comptroller separate and apart from all other public money or funds of this state. Provides that the fund is composed of money transferred into the fund under Section 204.153 and gifts, grants, and other money received by TWC for deposit in the fund. Authorizes money in the skills development economic stabilization fund to be transferred to the skills development fund created under Section 303.003 not later than September 30 of any year in which the funds in the holding fund under Section 204.152 are insufficient to meet the legislative appropriation made for the skills development fund in that year. Requires interest accruing on money in the skills development economic stabilization fund to be deposited quarterly to the credit of the compensation fund.

SECTION 6. Amends Section 2308.308, Government Code, to require a public community college to promptly provide workforce training and services that are requested as part of economic development incentives designed to attract or retain an employer, including incentives offered under the skills development, rather than smart jobs, fund program under Chapter 303, Labor Code, rather than Subchapter J, Chapter 481.

SECTION 7. Makes application of this Act to Section 204.006(a) prospective to January 1, 2006.

SECTION 8. Effective date: September 1, 2005, except as provided by Section 7 of this Act.