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H.B. No. 2421

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the use of an employer assessment to fund the skills
3 development program and authorizing the Texas Workforce Commission
4 to develop new job incentive programs.

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

6 SECTION 1. Section 204.006(a), Labor Code, is amended to
7 read as follows:

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

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

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

14 SECTION 2. Subchapter D, Chapter 204, Labor Code, is
15 amended by adding Section 204.0625 to read as follows:

16 Sec. 204.0625. ADJUSTMENT TO REPLENISHMENT TAX RATE. On
17 and after January 1, 2006, the replenishment tax rate computed
18 under Section 204.062 shall be adjusted to a rate computed by
19 subtracting one-tenth of one percent from the percentage computed
20 under Section 204.062(a).

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

23 SUBCHAPTER H. SKILLS DEVELOPMENT ASSESSMENT; FUNDS

24 Sec. 204.151. SKILLS DEVELOPMENT ASSESSMENT. (a) In

1 addition to any other taxes imposed under this subtitle, a skills
2 development assessment is imposed on and after January 1, 2006, on
3 each employer paying contributions under this subtitle as a
4 separate assessment of one-tenth of one percent of wages paid by the
5 employer.

6 (b) The commission shall deposit the revenue from the skills
7 development assessment to the credit of the holding fund created
8 under Section 204.152.

9 (c) The skills development assessment is due at the same
10 time, collected in the same manner, and subject to the same
11 penalties and interest as other contributions assessed under this
12 subtitle.

13 Sec. 204.152. HOLDING FUND. (a) The holding fund is a
14 special trust fund outside of the state treasury in the custody of
15 the comptroller separate and apart from all other public money or
16 funds of this state.

17 (b) The comptroller shall administer the holding fund in
18 accordance with the directions of the commission. Interest
19 accruing on amounts in the holding fund shall be deposited
20 quarterly to the credit of the compensation fund.

21 Sec. 204.153. TRANSFER TO SKILLS DEVELOPMENT FUND, SKILLS
22 DEVELOPMENT ECONOMIC STABILIZATION FUND, AND COMPENSATION FUND.

23 (a) If, on September 1 of a year, the commission determines that
24 the amount in the compensation fund is at or will exceed 100 percent
25 of its floor as computed under Section 204.061 on the next October 1
26 computation date, the commission shall transfer to the skills
27 development fund created under Section 303.003 an amount from the

1 holding fund created under Section 204.152 not to exceed the lesser
2 of the amount appropriated by the legislature to the skills
3 development fund in that year or 80 percent of the amount in the
4 holding fund. The commission shall transfer the remaining amount
5 in the holding fund to the skills development economic
6 stabilization fund created under Section 303.0032.

7 (b) If, on September 1 of a year, the commission determines
8 that the amount in the compensation fund will be below 100 percent
9 of its floor as computed under Section 204.061 on the next October 1
10 computation date, the commission shall transfer to the compensation
11 fund as much of the amount in the holding fund as is necessary to
12 raise the amount in the compensation fund to 100 percent of its
13 floor, up to and including the entire amount in the holding fund.
14 The commission shall transfer any remaining balance in the holding
15 fund to the skills development fund and skills development economic
16 stabilization fund as prescribed by Subsection (a).

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

19 (b-1) The commission by rule may establish and develop
20 additional job incentive programs that use the skills development
21 fund to create incentives for public community and technical
22 colleges in partnership with one or more employers to provide
23 workforce training in an effort to create and retain employment
24 opportunities in this state.

25 SECTION 5. Chapter 303, Labor Code, is amended by adding
26 Sections 303.0031 and 303.0032 to read as follows:

27 Sec. 303.0031. USE OF MONEY IN HOLDING FUND (GENERAL

1 REVENUE ACCOUNT 5069) FOR SKILLS DEVELOPMENT. Money in the holding
2 fund (general revenue account number 5069) may be used only for the
3 purposes for which the money in the skills development fund created
4 under Section 303.003 may be used.

5 Sec. 303.0032. SKILLS DEVELOPMENT ECONOMIC STABILIZATION
6 FUND. (a) The skills development economic stabilization fund is
7 established as a special trust fund outside of the state treasury in
8 the custody of the comptroller separate and apart from all other
9 public money or funds of this state. The fund is composed of:

10 (1) money transferred into the fund under Section
11 204.153; and

12 (2) gifts, grants, and other money received by the
13 commission for deposit in the fund.

14 (b) Money in the skills development economic stabilization
15 fund may be transferred to the skills development fund created
16 under Section 303.003 not later than September 30 of any year in
17 which the funds in the holding fund under Section 204.152 are
18 insufficient to meet the legislative appropriation made for the
19 skills development fund in that year.

20 (c) Interest accruing on money in the skills development
21 economic stabilization fund shall be deposited quarterly to the
22 credit of the compensation fund.

23 SECTION 6. Section 2308.308, Government Code, is amended to
24 read as follows:

25 Sec. 2308.308. PUBLIC COMMUNITY COLLEGE. A public
26 community college shall promptly provide workforce training and
27 services that are requested:

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

4 (2) by employers located in the college's taxing
5 district when the request is presented directly to the college by
6 the employers or through the board; or

7 (3) as part of economic development incentives
8 designed to attract or retain an employer, including incentives
9 offered under the skills development [~~smart jobs~~] fund program
10 under [~~Subchapter J,~~] Chapter 303, Labor Code [~~481~~].

11 SECTION 7. The change in law made by this Act to Section
12 204.006(a), Labor Code, takes effect January 1, 2006.

13 SECTION 8. Except as provided by Section 7 of this Act, this
14 Act takes effect September 1, 2005.