

By: Staples

S.B. No. 1177

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the establishment, operation, and funding of a skills
3 development program, including the reduction of and the imposition
4 of assessments for the unemployment compensation system.

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

6 SECTION 1. Subsection (a), Section 204.006, Labor Code, is
7 amended to 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 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. The
17 replenishment tax rate computed under Section 204.062 shall be
18 adjusted by subtracting 0.1 from the result of the calculation made
19 under Section 204.062(a).

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

22 SUBCHAPTER G. SKILLS DEVELOPMENT PROGRAM

23 Sec. 204.121. SKILLS DEVELOPMENT ASSESSMENT. (a) In
24 addition to any taxes imposed by this title, there is levied on each

1 employer paying contributions under this title a separate and
2 additional assessment of one-tenth percent of wages paid by the
3 employer. This assessment shall be known as the skills development
4 assessment.

5 (b) The commission shall deposit the revenue from the skills
6 development assessment to the credit of the general revenue account
7 holding fund 5069, which shall be known as the skills development
8 holding fund.

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

13 (d) On August 31 of each year, a reimbursement for the
14 amounts expended in collecting the skills development assessment
15 shall be charged to the skills development holding fund in
16 accordance with the cost allocation methodology agreed upon by the
17 Texas Workforce Commission and the United States Department of
18 Labor.

19 (e) On September 1 of each year, the commission shall
20 determine whether the amount in the compensation fund will be below
21 100 percent of its floor as computed under Section 204.061 on the
22 next October 1 computation date. If the amount in the compensation
23 fund is below 100 percent of its floor, the commission shall
24 transfer to the compensation fund as much of the amount in the
25 skills development holding fund as is necessary to raise the amount
26 in the compensation fund to 100 percent of its floor, up to the
27 entire amount in the skills development holding fund. The

1 commission shall transfer any remaining balance in the skills
2 development holding fund to the skills development operating trust
3 fund up to the amount appropriated by the legislature for that fund.
4 Any remaining funds in the skills development holding fund shall be
5 transferred to the skills development rainy day trust fund up to a
6 balance not to exceed \$100 million. Any funds above the amount
7 appropriated by the legislature for the skills development
8 operating trust fund and the amount needed to bring the balance of
9 the skills development rainy day trust fund up to but not exceeding
10 \$100 million shall be transferred to the compensation fund.
11 Interest accruing on amounts in the skills development holding fund
12 shall be deposited quarterly to the credit of the compensation
13 fund.

14 Sec. 204.122. SKILLS DEVELOPMENT OPERATING TRUST FUND.

15 (a) The skills development operating trust fund is established as
16 a dedicated trust fund in the custody of the comptroller separate
17 and apart from all public money or funds of this state.

18 (b) The skills development operating trust fund is composed
19 of:

20 (1) amounts transferred into the fund under Section
21 204.121(e);

22 (2) gifts, grants, and other donations received by the
23 commission for the fund; and

24 (3) any amounts appropriated by the legislature for
25 the skills development program.

26 (c) The skills development program is funded by the skills
27 development assessment.

1 (d) Amounts in the skills development operating trust fund
2 shall be used for purposes described in Chapter 303.

3 (e) The comptroller shall administer the skills development
4 operating trust fund in accordance with the directions of the
5 commission. Interest accruing on amounts in the fund shall be
6 deposited quarterly to the credit of the compensation fund.

7 Sec. 204.123. SKILLS DEVELOPMENT RAINY DAY TRUST FUND.

8 (a) The skills development rainy day trust fund is established as
9 a dedicated trust fund in the custody of the comptroller separate
10 and apart from all public money or funds of this state. The fund is
11 composed of:

12 (1) amounts transferred into the fund under Section
13 204.121(e); and

14 (2) gifts, grants, and other donations received by the
15 commission for the fund.

16 (b) Amounts in the skills development rainy day trust fund
17 shall be transferred to the skills development operating trust fund
18 in years when the funds in the skills development holding fund are
19 insufficient to meet the legislative appropriation made for the
20 skills development operating trust fund for that fiscal year.

21 (c) Amounts in the skills development rainy day trust fund
22 shall be transferred under Subsection (b) to the skills development
23 operating trust fund by September 30 of an applicable year.

24 (d) Interest accruing on amounts in the skills development
25 rainy day trust fund shall be deposited quarterly to the credit of
26 the compensation fund.

27 SECTION 4. The change in law made by this Act does not

1 affect tax liability accruing before the effective date of this
2 Act. That liability continues in effect as if this Act had not been
3 enacted, and the former law is continued in effect for the
4 collection of taxes due and for civil and criminal enforcement of
5 the liability for those taxes.

6 SECTION 5. This Act takes effect January 1, 2006.