

## **BILL ANALYSIS**

H.B. 3092  
By: Parker  
Economic & Small Business Development  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties have noted that, although Texas' economy continues to improve, other states continue to attract large scale manufacturing projects at a greater rate than Texas. At the same time, according to the parties, Texas' current manufacturing industry has experienced difficulties in filling jobs that require certain specific skill sets despite the fact that such jobs often are high paying and permanent positions at a time when large numbers of individuals are seeking employment in Texas. Stakeholders attribute Texas' difficulty in creating new manufacturing jobs and filling existing manufacturing positions to the relative scarcity of a trained workforce with the job skills to meet the industry's current and future needs.

H.B. 3092 seeks to strengthen the Texas workforce by providing funding opportunities and mechanisms to improve manufacturing-specific workforce development programs for new, expanding, or relocating manufacturing facilities.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 2 of this bill.

### **ANALYSIS**

H.B. 3092 amends the Local Government Code to establish the Texas workforce investment fund as a special fund in the state treasury outside the general revenue fund to be administered by the comptroller of public accounts and to be used for the workforce investment program established under the bill's provisions and for any other purpose of the fund. The bill exempts the fund from statutory provisions relating to the use of dedicated revenue and the disposition of interest on investments of money in funds and accounts in the comptroller's charge.

H.B. 3092 requires the comptroller to establish and implement the Texas workforce investment program to remit money from the fund to qualified educational participants to provide job training and education for the current and future workforce needs of qualified manufacturing projects participating in the program. The bill defines a "qualified manufacturing project" as an eligible manufacturing facility the owner of which has filed an election to establish the facility's status as a qualified manufacturing project and defines "eligible manufacturing facility" as a proposed new or expanded facility that, on the date of the facility's designation as a qualified manufacturing project, meets the following criteria:

- the facility is the subject to an agreement entered into on or after January 1, 2014, but before January 1, 2019, with a county, municipality, or other taxing unit under the Property Redevelopment and Tax Abatement Act or with a school district under the Texas Economic Development Act under which the investment in the facility is at least \$100 million;
- the facility will be engaged in manufacturing, the construction of which begins on or after September 1, 2013;

- the facility is forecasted to create at least 200 new full-time jobs; and
- the facility is owned by a person or entity that is considering at least one alternative site for the facility outside of Texas or competing against similar projects outside of Texas for federal funds or financial support that would benefit the project.

H.B. 3092 makes a qualified manufacturing project eligible to participate in the program to the extent that the fund has on hand amounts deposited by the comptroller that are directly attributable to the project. The bill requires a qualified educational participant, in order to receive program funding, to enter into a memorandum of understanding with the owner of such a qualified manufacturing project regarding the specific use of those funds in the provision of educational courses and workforce training needed by the project's workforce. The bill requires the comptroller by rule to adopt the form of such memoranda of understanding.

H.B. 3092 requires the comptroller, not later than October 1 of each state fiscal year, to deposit to the credit of the fund 25 percent of the additional sales tax collected in the preceding state fiscal year that is directly attributable, as determined by the comptroller in accordance with procedures developed by the comptroller, to the economic activity derived from the presence of each qualified manufacturing project, if the project owner has made the applicable employment certification to the comptroller required under the bill's provisions. The bill prohibits the deposit of any money attributable to a qualified manufacturing project if the comptroller determines that none of the additional sales tax for the preceding state fiscal year is directly attributable to the economic activity derived from the project's presence and requires the comptroller to notify the project's owner of that determination and the basis for it.

H.B. 3092 requires the comptroller for the duration of a qualified manufacturing project zone designation, but not to exceed 10 years, to remit payments from the fund to a qualified educational participant who enters into a memorandum of understanding with the owner of a qualified manufacturing project. The bill sets limits on the amounts remitted from the fund on behalf of an individual qualified manufacturing project and on the total amount of money deposited into the fund that will be made available to such a project.

H.B. 3092 authorizes money from the fund, after designation of the county in which a qualified manufacturing project is located as a qualified manufacturing zone, to be remitted and used to pay for or to refund workforce training expenses incurred by a qualified educational participant who has entered into a memorandum of understanding with the project's owner. The bill prohibits the allocation of money from the fund for training and workforce development of an executive, administrative, or professional employee or future employee.

H.B. 3092 sets out certain consequences and procedures for circumstances in which the owner of a qualified manufacturing project fails to make the annual certification required by the bill or the comptroller elects to audit the certification and determines that the qualified manufacturing project has started commercial operation and failed to meet the job creation requirements.

H.B. 3092 requires the comptroller for the duration of a qualified manufacturing project zone's designation to periodically notify the owner of a qualified manufacturing project in writing of any money in the fund attributable to the project that currently remains unexpended but may be spent by the owner by participating in the workforce investment program. The bill requires any money in the fund that remains unexpended by a project when its designation as a qualified project ends to be deposited by the comptroller to the credit of the general revenue fund.

H.B. 3092 establishes that an eligible manufacturing facility becomes a qualified manufacturing project on the date the facility's owner files an election for the facility's automatic designation as such a project with the comptroller, without further qualification. The bill requires the project's owner, before applying for designation of the applicable county as a qualified manufacturing project zone, to conduct an economic impact study of the county in which the project is located

and to submit the study to the comptroller for certification not later than the 120th day after the date the owner files an election to establish the facility's status as a qualified manufacturing project. The bill sets out certain content requirements for the study.

H.B. 3092 requires the comptroller, not later than the 30th day after receiving the economic impact study from an owner of a qualified manufacturing project, to certify the study if the comptroller determines that the economic impact study accurately estimates the information required to be included. The bill requires the comptroller to notify the project owner in writing of any preliminary determination that the study does not accurately estimate the required information, if the comptroller makes such determination, and to provide the owner an opportunity to respond or submit a new or amended study. The bill sets out provisions relating to the comptroller's determination regarding a new or amended study submitted by such owner and to a project's loss of status as a qualified manufacturing project if the owner fails either to receive certification of a new or amended study or to submit a new or amended study.

H.B. 3092 authorizes the owner of a qualified manufacturing project for which the comptroller has certified an economic impact study to apply to the comptroller for the designation of the county in which the project is located as a qualified manufacturing project zone and requires the comptroller to approve the application if the project is the first facility in the county to apply for the designation. The bill authorizes only one project in such a zone to qualify for benefits under the bill's provisions and, if the owner of more than one project applies for zone designation from a single county within a calendar month, requires the comptroller to approve the application that the comptroller determines will have the greatest economic impact on that county. The bill specifies the period in which a designation remains in effect and authorizes the comptroller to charge an application fee in an amount sufficient to cover the comptroller's administrative costs.

H.B. 3092 requires the owner of a qualified manufacturing project in a qualified manufacturing project zone to make an annual certification to the comptroller, as of the last day of the state fiscal year for each year of the zone's designation, regarding certain job creation forecasts or the number of actual jobs created or the amount of expenditures on the new or expanded facility, depending on how long the zone designation has been in effect and whether the project has started commercial operation, in order for the project owner to receive state benefits under the program. The bill sets out the consequences for circumstances in which the owner of a qualified manufacturing project fails to make the required certification.

H.B. 3092 makes the owner of a qualified manufacturing project in a qualified manufacturing project zone eligible for participation in the Texas workforce investment program established by the bill.

H.B. 3092 requires the comptroller, before the beginning of each regular session of the legislature, to submit to the lieutenant governor, the speaker of the house of representatives, and each other member of the legislature a report assessing the progress of qualified manufacturing projects receiving state benefits under the bill's provisions. The bill requires the report to be based on data annually certified to the comptroller by each owner of such a project, sets out the required elements of the report, and prohibits the report from including information that is made confidential by law. The bill authorizes the comptroller to require an owner of such a project to submit on a comptroller-provided form the information required to complete the report. The bill requires the comptroller to adopt rules, forms, and fees necessary to perform the comptroller's duties under the bill's provisions.

#### **EFFECTIVE DATE**

September 1, 2013.