

- SUBJECT:** Allowing the Port Arthur EDC for certain job-related skills training
- COMMITTEE:** Urban Affairs — favorable, without amendment
- VOTE:** 5 ayes — Dutton, Alvarado, Anchia, Elkins, J. Rodriguez
0 nays
2 absent — Leach, Sanford
- WITNESSES:** For — (*Registered, but did not testify:* June Deadrick, CenterPoint Energy)

Against — (*Registered, but did not testify:* Carlton Schwab, Texas Economic Development Council)
- BACKGROUND:** Local Government Code, sec. 501.162 allows local economic development corporations (EDCs) to use local sales-tax revenue for job training offered through a business enterprise only if the business enterprise has committed in writing to:
- create new jobs that pay wages that are at least equal to the prevailing wage for the applicable occupation in the local labor market area; or
 - increase its payroll to pay wages that are at least equal to the prevailing wage for the applicable occupation in the local labor market area.
- DIGEST:** The bill would allow the Port Arthur EDC to spend local sales-tax revenue to provide job training skills and job-related life skills sufficient to enable an unemployed individual to obtain employment. The EDC would be allowed to contract out the training services.
- This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.
- SUPPORTERS SAY:** HB 1967 would broaden the ability of the Port Arthur EDC to spend local

sales taxes on job training programs. Under current law, EDCs may spend tax revenues on job-training programs only if a business enterprise commits in writing to create certain new jobs or increase wages. HB 1967 would allow for generalized job training without requiring businesses to make commitments beforehand in writing.

Port Arthur's EDC needs this flexibility because it has an unusually low-skilled working population and one of the highest unemployment rates in Texas. HB 1967 would give the local EDC the flexibility it needs to offer job-training programs. Job training would allow the populace to strengthen certain skills, making the region more attractive to businesses and other employers.

HB 1967 would not create a slippery slope because every expansion of the economic development laws would need legislative approval. If a proposed expansion were inappropriate, the Legislature could reject it.

The bill would not require the Port Arthur EDC to fund job training programs. It only would grant it flexibility to do so where the economic return made sense.

According to the fiscal note, this bill would not have an impact on the state budget.

**OPPONENTS
SAY:**

HB 1967 is not needed. The Port Arthur EDC already may conduct these job training programs under current law. Even if EDCs could not fund job training programs, these programs already enjoy multiple other funding streams, including federal funds.

It would be inappropriate to create specific carve outs in economic development law because it would place some Texas localities on unequal footing with others. It is better to have robust, generally applicable economic development laws that allow all of Texas to better compete globally and with other states.