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HOUSE BILL NO. 1340

Offered January 24, 2000

A BILL to amend and reenact §§ 9-329.2 and 60.2-515 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 3 of Title 60.2 an article numbered 4, consisting of sections numbered 60.2-318 through 60.2-322, and by adding in Title 60.2 a chapter numbered 7, consisting of sections numbered 60.2-700, 60.2-701 and 60.2-702, relating to the creation of a Workforce Development Training Fund; contributions and credits.

Patrons—Byron, Albo, Blevins, Cantor, Clement, Devolites, Drake, Dudley, Griffith, Harris, Ingram, Katzen, Kilgore, Landes, Larrabee, Louderback, McClure, McDonnell, McQuigg, O'Brien, Purkey, Putney, Sherwood and Wardrup; Senators: Hawkins and Wampler

Referred to Committee on Labor and Commerce

Be it enacted by the General Assembly of Virginia:

1. That §§ 9-329.2 and 60.2-515 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 3 of Title 60.2 an article numbered 4, consisting of sections numbered 60.2-318 through 60.2-322, and by adding in Title 60.2 a chapter numbered 7, consisting of sections numbered 60.2-700, 60.2-701 and 60.2-702, as follows:

§ 9-329.2. Meetings; powers and duties.

The Council shall meet regularly and shall also undertake the following to implement and foster workforce training, exclusive of the vocational and technical education programs provided through and administered by the public school system:

1. Identify current and emerging workforce needs of the business community;
2. Assess potential markets for increasing the number of workers available to business and industry;
3. Forecast and identify training requirements for the new workforce;
4. Create strategies that will match trained workers with available jobs;
5. Certify noncredit courses and programs of training, exclusive of apprenticeship programs and federally sponsored programs conducted under Public Law 97-300, as appropriate offered by public, private, and proprietary institutions and responding to the needs of business and industry in the Commonwealth;

6. Make alterations from time to time in such approved programs;

7. With the assistance of regional workforce centers, seek to identify other specific and existing workforce needs in sectors of the economy, including public education, which have high potential for sustained demand or growth;

8. Meet with representatives of each regional workforce center at least annually to assess and discuss subdivisions 1 through 4 of this section within their service region;

9. *Establish the procedures, criteria and performance measures for the Workforce Training Development Fund as established pursuant to Article 4 (§ 60.2-318 et seq.) of Chapter 3 of Title 60.2.*

10. Provide an annual report to the Governor concerning its actions and determinations under subdivisions 1 through 4 ~~and~~ 7 and 9 of this section; and

~~11.~~ Perform any act or function that is in accord with the purposes of this chapter.

The Council shall establish at least two committees as follows: one committee to accomplish the aims of the WIA and one committee to focus on high-technology workforce training needs.

Article 4.**Workforce Development Training Fund.**

§ 60.2-318. *Workforce Development Training Fund established.*

There is hereby created in the state treasury a special nonreverting fund to be known as the Workforce Development Training Fund, hereafter referred to as "the Fund." The Fund shall be established on the books of the Comptroller. All proceeds from the training contribution established pursuant to Chapter 7 (§ 60.2-700 et seq.) of this title shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund.

§ 60.2-319. *Purpose.*

A. The Fund is established for the purpose of providing or expanding, in an expeditious and coordinated manner, training and retraining opportunities that would not otherwise exist for the Commonwealth's workforce. The Fund is intended to supplement, but not to supplant or compete with, money available through existing training programs.

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B. The moneys in the Fund shall be used only for the following purposes:

1. To provide training for skills necessary for specific economic development opportunities and industrial expansion initiatives;

2. To provide training to upgrade the skills of those workers who are unemployed and receiving unemployment compensation;

3. To provide training to upgrade the skills of currently employed workers at risk of being permanently laid off;

4. To provide grants to local workforce investment areas designated under the federal Workforce Investment Act of 1998 (P. L. 105-220), hereafter referred to as "the Act," to provide training and employment services to address specific employer needs within the local areas;

5. To provide grants to local workforce investment areas designated under the Act, to be used to assist in the establishment of One-Stop Centers mandated by the Act;

6. To ensure the effective coordination of workforce services for employers and workers by designing and implementing new technological interfaces among state agencies and local workforce investment areas;

7. At the discretion of the Governor, to pay for statewide workforce investment activities, provided that not more than fifteen percent of the Fund may be used for such statewide activities;

8. To pay refunds of training contributions erroneously collected and deposited in the Fund; and

9. To pay all expenses incurred by the Commission associated with the collection of the training contribution and any other administrative expenses associated with the Fund and the provision of workforce development services, provided that not more than ten percent of the moneys in the Fund shall be used for such administrative expenses.

§ 60.2-320. Approval of expenditures.

Expenditures from the Fund for purposes authorized in subdivisions B 1 through B 6, B 8 and B 9 of § 60.2-319 shall be subject to the approval of the Commissioner or the Commissioner's designee, based on procedures, criteria and performance measures established by the Virginia Workforce Council. Expenditures from the Fund for the purpose authorized in subdivision B 7 of § 60.2-319 shall be subject to the approval of the Governor or his designee.

§ 60.2-321. Disbursements by State Treasurer upon warrants of Comptroller.

Disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Commissioner or his designee.

§ 60.2-322. Moneys in Fund continuously available to Commission.

The moneys in the Fund shall be continuously available to the Commission for expenditure in accordance with the provisions of this article.

§ 60.2-515. Amount of taxes; increase of rate.

Each employer shall pay taxes equal to the following percentages of wages payable by him with respect to employment:

1. Except as otherwise provided in Article 4 (§ 60.2-525 et seq.) of this chapter, 6.2 percent with respect to employment during the calendar year. Wages payable beyond the last pay period in December shall be considered as wages payable in the first pay period of the succeeding year, and included in reports required for the first reporting period of such year.

2. If the Federal Unemployment Tax Act is at any time amended to permit a higher maximum rate of credit against the federal tax now levied under § 3301 of the Internal Revenue Code than the credit that is now permitted under § 3302 of the Internal Revenue Code, to an employer with respect to any state unemployment compensation law whose standard tax rate on payroll under such law is more than 5.4 percent, the standard tax rate for all employers under this title shall, by Commission rule promulgated under § 60.2-111, be increased from 5.4 percent on wages to that percentage on wages which corresponds to the higher maximum rate of credit thus permitted against the federal unemployment tax. Such increase shall become effective on the same date as such higher maximum rate of credit becomes permissible under such federal amendment.

3. If the Federal Unemployment Tax Act is at any time amended to increase the rate of excise tax each employer pays for employing individuals, the Commission may, by rules promulgated under § 60.2-111, increase the rate of taxes under this title to the rate which corresponds to the highest maximum rate of credit permitted against such higher federal unemployment excise tax. Such increase shall become effective on the same date as such higher rate of federal unemployment excise tax becomes effective.

4. The tax rate of each employer obligated to pay a training contribution pursuant to Chapter 7 (§ 60.2-700 et seq.) of this title shall be reduced by eight percent.

CHAPTER 7.

WORKFORCE DEVELOPMENT TRAINING CONTRIBUTIONS AND CREDITS.

§ 60.2-700. Training contribution established.

A. Except as otherwise provided in this section, all covered employers required to pay assigned or

122 experience rated taxes pursuant to Chapter 5 (§ 60.2-500 et seq.) of this title shall pay a training
123 contribution to the Commission. The training contribution rate shall be equal to eight percent of the tax
124 due from each eligible employer, as computed in accordance with Article 4 (§ 60.2-525 et seq.) of
125 Chapter 5 of this title. The training contribution shall be due and payable at the same time and in the
126 same manner as are the experience rated taxes as prescribed in Chapter 5 of this title.

127 B. No employer with a benefit ratio of 6.2 percent, as calculated pursuant to § 60.2-530, and an
128 experience based tax rate of 5.58 percent or lower, as calculated pursuant to § 60.2-531, shall be
129 required to pay the training contribution established in subsection A.

130 C. Training contributions as established in subsection A shall be suspended at any time that the fund
131 balance factor, as calculated pursuant to § 60.2-533, equals fifty percent.

132 § 60.2-701. Administration of training contributions.

133 The provisions of Chapter 5 (§ 60.2-500 et seq.) of this title that apply to the payment and collection
134 of experience rated taxes, including those pertaining to calculations, assessments, method of payment,
135 penalties, interest, cost, liens, injunctive relief, collection procedures and refund procedures, shall also
136 apply to the payment and collection of the training contribution. In the administration of the provisions
137 of this chapter, the Commissioner shall have all rights, authority, and prerogatives granted to him under
138 other provisions of this title. Moneys collected from an employer delinquent in paying experience rated
139 taxes and training contributions shall first be applied to any penalty and interest imposed pursuant to
140 the provisions of Chapter 5 of this title, and shall then be applied pro rata to (i) delinquent experience
141 rated taxes that shall be deposited in the Unemployment Compensation Fund and (ii) delinquent training
142 contributions that shall be deposited in the Workforce Development Training Fund. Any interest and
143 penalties collected pursuant to this section shall be paid into the Special Unemployment Compensation
144 Administration Fund, and any interest or penalties refunded under this section shall be paid out of such
145 Fund.

146 § 60.2-702. Credit to employer's account; deposit of contributions.

147 Training contributions paid by an employer pursuant to this chapter shall be fully credited to the
148 employer's account as established under the provisions of Chapter 5 (§ 60.2-500 et seq.) of this title and
149 shall not be deducted by any employer from the wages of individuals in its employ. All training
150 contributions shall be deposited in the clearing account of the Unemployment Compensation Fund for
151 clearance only and shall not become part of such fund. After clearance, the moneys shall be deposited
152 in the Workforce Development Training Fund established by Article 4 (§ 60.2-318 et seq.) of Chapter 3
153 of this title.