

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 275
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Finance
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Certain non-profit and religious organizations, such as Goodwill and Salvation Army, sell donated goods to support their mission of helping people with barriers to employment through vocational skills training, job placement, and career advancement.

These organizations remit to the state a sales tax that equals about \$20 million per year, according to the Texas comptroller of public accounts. S.B. 275 allows qualified 501(c)3 organizations to keep 50 percent of the sales tax they collect to put towards job training for persons with difficulties obtaining jobs.

To keep 50 percent of collected sales tax, the organization must serve at least three people per \$10,000 of sales tax retained for job training purposes. If the training is not completed or there is not successful job placement within 90 days, the money must be remitted to the state.

Allowing the organizations to keep a portion of the sales tax they collect would earmark funding for job training and placement for people with disabilities or mental health issues, veterans, the homeless, or those with criminal records. (Original Author's / Sponsor's Statement Of Intent)

C.S.S.B. 275 amends current law relating to the retention and use of sales tax revenue collected by certain retailers to provide job training and placement services to certain persons.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter I, Chapter 151, Tax Code, by adding Section 151.433, as follows:

Sec. 151.433. USE OF SALES TAX COLLECTIONS FOR JOB TRAINING AND PLACEMENT. (a) Defines "qualifying organization" and "workforce training community center."

(b) Authorizes a retailer to apply to the Texas comptroller of public accounts (comptroller) for certification as a qualifying organization under this section. Requires the comptroller to certify the applicant as a qualifying organization if the comptroller determines that the applicant meets the requirements to be a workforce training community center.

(c) Provides that a qualifying organization, notwithstanding any other law, is not required to remit to the comptroller and is authorized to retain:

(1) the lesser of 30 percent or \$1 million of the sales taxes imposed under this chapter and collected by the organization on sales during its first year of certification as a qualifying organization; and

(2) the lesser of 50 percent or \$1 million of the sales taxes imposed under this chapter and collected by the organization in sales during each subsequent year of the remaining period in which the qualifying organization holds that certification, including a renewal certification.

(d) Requires a qualifying organization to show the amount of sales tax retained as authorized by Subsection (c) on a tax report required by this chapter in addition to the information required by Section 151.406 (Contents and Form of Report).

(e) Requires a qualifying organization to continue to remit to the comptroller sales taxes imposed by a political subdivision of this state and collected on sales with respect to which the qualifying organization retains sales taxes as authorized by Subsection (c).

(f) Provides that the reimbursement authorized by Section 151.423 (Reimbursement to Taxpayer for Tax Collection) and the deduction authorized by Section 151.424 (Discount for Prepayments) do not apply with respect to the amount of sales taxes retained as authorized by Subsection (c).

(g) Requires a qualifying organization to use money retained as authorized by Subsection (c) only for certain purposes, except as provided by Subsection (h).

(h) Authorizes a qualifying organization, in its first year of certification, to use money retained as authorized by Subsection (c) to improve its infrastructure and otherwise prepare to provide services described by Subsection (g). Provides that this subsection does not apply to the period after a qualifying organization's certification is renewed under Subsection (n).

(i) Requires a qualifying organization, after the period described by Subsection (h), for every \$10,000 in sales tax collections retained under this section, to provide certain job training placement services to at least three persons and to successfully place an average of at least 2.25 persons in jobs.

(j) Provides that, subject to Subsection (k), a retailer that is certified as a qualifying organization retains that certification until the third anniversary of the date of certification. Authorizes the comptroller, at any time after the period described by Subsection (h) during the certification period, and requires the comptroller, at the conclusion of the certification period, to require the qualifying organization to demonstrate certain compliance measures, in a manner prescribed by the comptroller.

(k) Authorizes the comptroller to revoke a certification issued to a retailer that fails to comply with this chapter or a rule adopted under this chapter after written notice and a hearing. Provides that a retailer whose certification the comptroller proposes to revoke under this section is entitled to 20 days' written notice of the time and place of the hearing on the revocation. Requires the notice to state the reason the comptroller is seeking to revoke the retailer's certification. Requires the retailer at the hearing to show cause why the retailer's certification should not be revoked.

(l) Requires the comptroller to give written notice of the revocation of a certification under Subsection (k) to the retailer that was certified under this section. Authorizes the notice to be sent by mail to the retailer's address as shown in the comptroller's records.

(m) Requires the comptroller to require an organization whose certification was revoked under Subsection (k) to remit an amount of tax collections retained under this section in the comptroller's discretion, but not to exceed \$3,333 per person not successfully placed in a job in accordance with Subsection (i)(2).

(n) Authorizes a retailer that is certified as a qualifying organization to apply to renew the certification. Authorizes the comptroller to renew a retailer's certification only if the retailer has complied with all requirements during the applicant's certification period and with any other requirements for renewal as prescribed by the rules adopted by the comptroller.

(o) Prohibits the comptroller, notwithstanding Subsection (b), from certifying a retailer as a qualifying organization under that subsection before September 1, 2019. Provides that the authorization to retain sales taxes provided by Subsection (c) applies only to sales taxes imposed under this chapter and collected by a qualifying organization on or after September 1, 2019. Provides that this subsection expires January 1, 2020.

SECTION 2. Provides that the change in law made by this Act does not affect tax liability accruing before September 1, 2019. Provides that the liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 3. Effective date: September 1, 2018.