

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 29, 2007**

**TO:** Honorable Steve Ogden, Chair, Senate Committee on Finance

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: SB1323** by Watson (Relating to the authority of qualified community workforce training centers to receive a state sales and use tax refund for reimbursement of certain expenses.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1323, As Introduced: a negative impact of (\$10,117,000) through the biennium ending August 31, 2009.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$4,961,000)
2009	(\$5,156,000)
2010	(\$5,363,000)
2011	(\$5,555,000)
2012	(\$5,755,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1
2008	(\$4,961,000)
2009	(\$5,156,000)
2010	(\$5,363,000)
2011	(\$5,555,000)
2012	(\$5,755,000)

**Fiscal Analysis**

The bill would amend Chapter 151 of the Tax Code to specify that certain qualified workforce community centers, as defined by the bill, that construct new office space or that construct or enlarge a training and rehabilitation center would be eligible for a state sales and use tax refund not to exceed the total amount of sales taxes collected on the sale of taxable items by the centers.

The bill would require that the total amount of tax refund that a center could receive in a fiscal year would be the lesser of: 1) the total amount the center collected during the state fiscal year on the sale of taxable items; 2) the total amount of the cost of constructing new office and retail space and constructing or enlarging a training and rehabilitation center during the fiscal year; or 3) \$1 million for each office space, retail space, or training and rehabilitation center construction or enlargement project completed during the fiscal year.

The bill would require the Comptroller of Public Accounts to refund any amount a qualified

community workforce training center was eligible to receive no later than the 90th day after the date the Comptroller received the refund application and any information necessary to determine the validity of the application.

The bill would take effect September 1, 2007.

### **Methodology**

According to the Comptroller of Public Accounts, the calculation of the applicable refund is uncertain given an apparent conflict between Section 151.4295(b) and 151.4295(c) and their descriptions of the maximum size of a refund. For the purpose of this analysis, the Comptroller assumed that the qualified workforce community centers would receive a refund limited to the total amount of sales tax that the centers collected on the sale of taxable items during a fiscal year.

For the purpose of this estimate, the Comptroller gathered data on taxable sales made by qualified workforce community centers from its tax files. The data was multiplied by the state sales tax rate and extrapolated through fiscal 2012.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 320 Texas Workforce Commission

**LBB Staff:** JOB, CT, SD, EB