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H.B. No. 518

A BILL TO BE ENTITLED

AN ACT

relating to the retention and use of sales tax revenue collected by certain retailers to provide job training and placement services to certain persons.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter I, Chapter 151, Tax Code, is amended by adding Section 151.433 to read as follows:

Sec. 151.433. USE OF SALES TAX COLLECTIONS FOR JOB TRAINING AND PLACEMENT. (a) In this section:

(1) "Qualifying organization" means a retailer certified by the comptroller under Subsection (b).

(2) "Workforce training community center" means a retailer that:

(A) is exempt from the payment of federal income taxes under Section 501(a), Internal Revenue Code of 1986, by being listed as an exempt organization under Section 501(c)(3) of that code;

(B) collects and remits to the comptroller sales taxes imposed on the sale of donated goods;

(C) has experience in assisting persons with a disability or other barriers to employment with job training and placement services and uses a portion of its revenue to provide those services; and

(D) has annual sales of at least \$1 million.

1 (b) A retailer may apply to the comptroller for
2 certification as a qualifying organization under this section. If
3 the comptroller determines that the applicant meets the
4 requirements to be a workforce training community center, the
5 comptroller shall certify the applicant as a qualifying
6 organization.

7 (c) Notwithstanding any other law, a qualifying
8 organization is not required to remit to the comptroller and may
9 retain:

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

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

19 (d) A qualifying organization must show the amount of sales
20 taxes retained as authorized by Subsection (c) on a tax report
21 required by this chapter in addition to the information required by
22 Section [151.406](#).

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

27 (f) The reimbursement authorized by Section [151.423](#) and the

deduction authorized by Section 151.424 do not apply with respect to the amount of sales taxes retained as authorized by Subsection (c).

(g) Except as provided by Subsection (h), a qualifying organization shall use money retained as authorized by Subsection (c) only to:

(1) provide a variety of job training and placement services to persons with a disability or other barriers to employment, including low educational attainment, a criminal record, homelessness, and status as a veteran;

(2) develop an individualized written training and employment plan for each person assisted to ensure appropriate and successful job placement; and

(3) monitor job retention for each person placed for the first 90 days of employment and provide additional services as needed to support job retention or acquisition of a different job.

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

(i) After the period described by Subsection (h), for every \$10,000 in sales tax collections retained under this section a qualifying organization:

(1) shall provide job training and placement services to at least three persons, including services related to

job-seeking skills and vocational skills training, job placement,
job coaching, and post-employment support; and

(2) must successfully place an average of at least
2.25 persons in jobs.

(j) 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. At any time after
the period described by Subsection (h) during the certification
period, the comptroller may, and at the conclusion of the
certification period the comptroller shall, require the qualifying
organization to demonstrate, in a manner prescribed by the
comptroller, that the qualifying organization:

(1) has not used any tax collections retained under
this section for a purpose other than a purpose described by
Subsection (g) after the first year of certification; and

(2) is successfully meeting or has successfully met,
as applicable, the requirements described by Subsection (i).

(k) The comptroller, after written notice and a hearing, may
revoke a certification issued to a retailer that fails to comply
with this chapter or a rule adopted under this chapter. 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. The notice must state the reason
the comptroller is seeking to revoke the retailer's certification.
At the hearing the retailer must show cause why the retailer's
certification should not be revoked.

(l) The comptroller shall give written notice of the

1 revocation of a certification under Subsection (k) to the retailer
2 that was certified under this section. The notice may be sent by
3 mail to the retailer's address as shown in the comptroller's
4 records.

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

10 (n) A retailer that is certified as a qualifying
11 organization may apply to renew the certification. The comptroller
12 may renew a retailer's certification only if the retailer has
13 complied with all requirements during the applicant's
14 certification period and with any other requirements for renewal as
15 prescribed by rules adopted by the comptroller.

16 (o) Notwithstanding Subsection (b), the comptroller may not
17 certify a retailer as a qualifying organization under that
18 subsection before September 1, 2019. The authorization to retain
19 sales taxes provided by Subsection (c) applies only to sales taxes
20 imposed under this chapter and collected by a qualifying
21 organization on or after September 1, 2019. This subsection
22 expires January 1, 2020.

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

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1 for those taxes.

2 SECTION 3. This Act takes effect September 1, 2018.