

By: Watson

S.B. No. 275

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 50 percent of the sales taxes imposed under this chapter and  
10 collected by the organization on sales during the period in which  
11 the qualifying organization holds a certification under Subsection  
12 (b). The qualifying organization must show the amount retained on a  
13 tax report required by this chapter in addition to the information  
14 required by Section [151.406](#).

15       (d) A qualifying organization shall continue to remit to the  
16 comptroller sales taxes imposed by a political subdivision of this  
17 state and collected on sales with respect to which the qualifying  
18 organization retains sales taxes as authorized by Subsection (c).

19       (e) The reimbursement authorized by Section [151.423](#) and the  
20 deduction authorized by Section [151.424](#) do not apply with respect  
21 to the amount of sales taxes retained as authorized by Subsection  
22 (c).

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

26               (1) provide a variety of job training and placement  
27 services to persons with a disability or other barriers to

1 employment, including low educational attainment, a criminal  
2 record, homelessness, and status as a veteran;

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

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

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

15 (h) After the period described by Subsection (g), for every  
16 \$10,000 in sales tax collections retained under this section a  
17 qualifying organization:

18 (1) shall provide job training and placement services  
19 to at least three persons, including services related to  
20 job-seeking skills and vocational skills training, job placement,  
21 job coaching, and post-employment support; and

22 (2) must successfully place an average of at least  
23 2.25 persons in jobs.

24 (i) Subject to Subsection (j), a retailer that is certified  
25 as a qualifying organization retains that certification until the  
26 third anniversary of the date of certification. At any time after  
27 the period described by Subsection (g) 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 (f) after the first year of certification; and

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

(j) 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.

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

(l) The comptroller shall require an organization whose certification was revoked under Subsection (j) 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

1 placed in a job in accordance with Subsection (h)(2).

2 (m) A retailer that is certified as a qualifying  
3 organization may apply to renew the certification. The comptroller  
4 may renew a retailer's certification only if the retailer has  
5 complied with all requirements during the applicant's  
6 certification period and with any other requirements for renewal as  
7 prescribed by rules adopted by the comptroller.

8 SECTION 2. The change in law made by this Act does not  
9 affect tax liability accruing before the effective date of this  
10 Act. That liability continues in effect as if this Act had not been  
11 enacted, and the former law is continued in effect for the  
12 collection of taxes due and for civil and criminal enforcement of  
13 the liability for those taxes.

14 SECTION 3. This Act takes effect September 1, 2017.