

## **BILL ANALYSIS**

S.B. 1524  
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Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

It has been noted that more than a dozen states offer employers some type of tax incentive for hiring apprentices. There have been calls for Texas to follow suit and allow a tax incentive for employers who hire apprentices, thus incentivizing the creation of more apprenticeship programs in emerging and diversified fields. S.B. 1524 seeks to provide for the establishment of a sales and use tax refund pilot program for certain persons who employ apprentices in qualified apprenticeships.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the executive director of the Texas Workforce Commission in SECTION 1 of this bill.

### **ANALYSIS**

S.B. 1524 amends the Tax Code to establish a pilot program under which a person is eligible for a refund of the sales and use taxes paid during a calendar year if the person is certified by the executive director of the Texas Workforce Commission (TWC) to be able to employ apprentices in qualified apprenticeships and employs at least one apprentice in such a position for at least seven months during the calendar year. A person is not considered to be employed in a qualified apprenticeship position after the earlier of the fourth anniversary of employment in the position or the conclusion of the term of the position. A person is also not considered to be employed as such if the person was employed in another position by the employer immediately before beginning employment in the apprenticeship position. The bill defines "qualified apprenticeship" as an apprenticeship program that is certified as an industry-recognized apprenticeship program by an entity determined to meet U.S. Department of Labor (DOL) criteria or that is registered with the DOL and qualified to receive funding provided through the TWC as part of the state's adult career and technology education apprenticeship system.

S.B. 1524 requires a person to apply to the executive director to obtain certification to employ apprentices in qualified apprenticeships and requires the executive director to create an application form for the certification. The bill caps the number of persons the executive director may certify at any one time at 100 and requires the executive director to adopt rules that establish merit-based criteria for use in selecting persons to certify from among those who apply if the number of applicants exceeds 100. The bill sets out requirements for those rules and requires the executive director to issue a certificate to each person certificated that confirms that the person is eligible to apply for a sales and use tax refund.

S.B. 1524 requires a person to apply to the comptroller of public accounts for the sales and use tax refund and requires the person to include their certificate with the application, as well as any other information the comptroller requires. The bill sets the amount of the refund in a given calendar year at \$2,500 for each qualifying apprentice and caps the total amount of sales and use taxes paid during the calendar year, whichever is less. The bill caps the number of apprentices in connection with whom a person may receive a refund in a given calendar year at one, except that the cap is increased to six if at least half of the apprentices employed are women, military veterans or spouses, or foster children who have transitioned or are transitioning to independent living.

S.B. 1524 requires the executive director, not later than September 1, 2024, to prepare and deliver to the governor, the lieutenant governor, the speaker of the house of representatives, and members of the applicable legislative standing committees a report that evaluates the effect of the pilot program on the employment outcomes and earnings of apprentices with respect to whom refunds are granted under the program and that includes a recommendation regarding whether the program should be continued, expanded, or terminated. The bill requires a person who applies for a refund under the program to provide to the executive director information the executive director requests to prepare the report.

Implementation of a provision of the bill by the TWC and the comptroller is mandatory only if a specific appropriation is made for that purpose. The bill's provisions expire December 31, 2026.

**EFFECTIVE DATE**

January 1, 2022.