

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

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 11, 2021**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Finance

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB1524** by Hughes (Relating to a sales and use tax refund pilot program for certain persons who employ apprentices.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1524, As Introduced : a negative impact of (\$1,756,000) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

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

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$128,000)
2023	(\$1,628,000)
2024	(\$1,628,000)
2025	(\$1,628,000)
2026	(\$1,628,000)

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

<i>Fiscal Year</i>	<i>Probable Revenue (Loss) from General Revenue Fund</i>	<i>Probable (Cost) from General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2021</i>
	<b>1</b>	<b>1</b>	
2022	\$0	(\$128,000)	2.0
2023	(\$1,500,000)	(\$128,000)	2.0
2024	(\$1,500,000)	(\$128,000)	2.0
2025	(\$1,500,000)	(\$128,000)	2.0
2026	(\$1,500,000)	(\$128,000)	2.0

**Fiscal Analysis**

The bill would amend Chapter 151 of the Tax Code regarding sales and use tax refunds for businesses that employ apprentices. The bill would define apprentices that qualify for a refund as those that participate in a program that is either registered with the U.S. Department of Labor (DoL) and qualified to receive funding provided through the Texas Workforce Commission under Chapter 133 of the Education Code, or certified as an industry-recognized apprenticeship program by an entity determined to meet DoL criteria.

The bill would add Section 151.4292 to allow an entity that is certified by the Texas Workforce Commission (TWC) to claim a sales tax refund of \$2,500 per qualified apprenticeship position per calendar year. The

apprentice would have to be employed by the entity for at least seven months during the calendar year in order for the entity to be eligible for the refund.

TWC would not be able to certify more than 100 entities at a time. The maximum number of apprentices any entity would be able to claim for purposes of the refund would be one or up to six if half of the apprentices meet certain criteria described in the bill.

The total refund amount allowed per calendar year would be limited to the lesser of the total sales and use taxes paid by the person during the calendar year or the maximum refund amount allowed in connection with each apprentice for not more than six apprentices. The bill would require a person to apply to the Comptroller to receive the refund.

The bill would require TWC to write a report evaluating the effectiveness of the apprenticeship program by September 1, 2024.

Section 151.4292 would expire December 31, 2026.

The bill would take effect January 1, 2022.

### **Methodology**

The Comptroller assumes TWC would certify 100 entities, that those entities that apply for certification would be those with enough annual sales tax remittances to receive the maximum allowable refunds, and that each certified entity would employ six apprentices, the maximum number of apprentices allowed for purposes of the sales tax refund. Refunds would be paid in each year following the calendar year of apprenticeship.

The administrative cost includes the funds necessary for the Comptroller to hire two Accounts Examiner III FTEs to implement the provisions of the bill. These FTEs are necessary to verify and pay the additional sales tax refund claims.

TWC indicates they could absorb their responsibilities from the bill within existing resources.

### **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:** JMc, KK, SD