

BILL ANALYSIS

Senate Research Center
84R19450 ADM-D

H.B. 2341
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, there are nonprofit and religious organizations that offer job training and placement services to Texans with barriers to employment, including, but not limited to, homelessness, a disability, limited education, and a history of incarceration. Some of these organizations raise funds through retail stores that sell donated goods and remit sales tax to the state.

H.B. 2341 would allow nonprofits and religious organizations that meet certain criteria to keep 50 percent of the sales tax they would normally remit to the state in order to reinvest those dollars in expanded vocational training and job placement services.

H.B. 2341 amends current law relating to the retention and use of sales tax revenue collected by certain retailers to provide job training and placement services to certain persons and adds provisions subject to a criminal penalty.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts of the State of Texas in SECTION 1 (Section 151.433, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter I, Chapter 151, Tax Code, by adding Section 151.433, as follows:

Sec. 151.433. USE OF SALES TAX COLLECTIONS FOR JOB TRAINING AND PLACEMENT. (a) Defines in this section "qualifying organization" and "workforce training community center."

(b) Authorizes a retailer to apply to the comptroller of public accounts of the State of Texas (comptroller) for certification as a qualifying organization under this section. Requires the comptroller to certify the applicant as a qualifying organization, if the comptroller determines that the applicant meets the requirements to be a workforce training community center.

(c) Provides that, notwithstanding any other law, a qualifying organization is not required to remit to the comptroller and is authorized to retain 50 percent of the sales taxes imposed under this chapter and collected by the organization on sales during the period in which the qualifying organization holds a certification under Subsection (b). Requires the qualifying organization to show the amount retained on a tax report required by this chapter in addition to the information required by Section 151.406 (Contents and Form of Report).

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

(e) Provides that the reimbursement authorized by Section 151.423 (Reimbursement to Taxpayer for Tax Collections) and the deduction authorized by Section 151.424 (Discount for Prepayments) do not apply with respect to the amount of sales taxes retained as authorized by Subsection (c).

(f) Requires a qualifying organization, except as provided by Subsection (g), to 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 veteran status;

(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.

(g) Authorizes a qualifying organization, in its first year of certification, to use money retained as authorized by Subsection (c) to improve its infrastructure and otherwise prepare to provide services described by Subsection (f). Provides that this subsection does not apply to the period after a qualifying organization's certification is renewed under Subsection (m).

(h) Provides that, after the period described by Subsection (g), 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.

(i) Provides that, subject to Subsection (j), a retailer that is certified as a qualifying organization retains that certification until the third anniversary of the date of certification. Provides that the comptroller may, at any time after the period described by Subsection (g) during the certification period, 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) Authorizes the comptroller, after written notice and a hearing, to revoke a certification issued to a retailer that fails to comply with this chapter or a rule adopted under this chapter. Provides that the 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. Requires that the notice state the reason the comptroller is seeking to revoke the retailer's certification. Requires the retailer, at the hearing, to show cause why the retailer's certification should not be revoked.

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

(l) Requires the comptroller to 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 placed in a job in accordance with Subsection (h)(2).

(m) Authorizes a retailer that is certified as a qualifying organization to apply to renew the certification. Authorizes the comptroller to renew a retailer's certification only if the retailer has complied with all requirements during the applicant's certification period and with any other requirements for renewal as prescribed by rules adopted by the comptroller.

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

SECTION 3. Effective date: September 1, 2015.