

**Policy Concept**  
**New Chapter 839, Apprenticeship Programs – Additional**  
**New Subchapter A. Tax Refund Pilot Program for Certain Persons Who Employ Apprentices**  
**Rule Project #2021-18-839 – SB 1524 - Tax Refund Pilot Program**

**Introduction and Background**

Senate Bill (SB) 1524, enacted by the 87th Texas Legislature, Regular Session (2021), amended Texas Tax Code, Chapter 151, Subchapter I by adding §151.4292, Tax Refund Pilot Program for Certain Persons Who Employ Apprentices, effective January 1, 2022.

Texas Tax Code, §151.4292(a) defines "executive director" and "qualified apprenticeship."

Texas Tax Code, §151.4292(b) stipulates that a person employing at least one apprentice for at least seven months during a calendar year, may be eligible for a tax refund if certified by the executive director. The apprentice is not considered employed under Texas Tax Code, §151.4292:

- after the earlier of:
  - the fourth anniversary of employment in the position; or
  - the conclusion of the term of the apprenticeship position; or
- if the apprentice was employed in another position by the employer immediately before beginning employment in the apprenticeship position.

Texas Tax Code, §151.4292(c) stipulates that the amount of refund for each apprentice described by Texas Tax Code, §151.4292(b) shall be \$2,500.

Texas Tax Code, §151.4292(d) stipulates that the total amount of the refund under Texas Tax Code, §151.4292 for a calendar year shall be equal to the lesser of:

- the amount from Texas Tax Code, §151.4292(c) for the calendar year for each apprentice described by Texas Tax Code, §151.4292(b), but not to exceed the maximum number of apprentices allowed by Texas Tax Code, §151.4292(e); or
- the amount of sales and use taxes paid by the person during the calendar year.

Texas Tax Code, §151.4292(e) stipulates that a person may receive a refund in a calendar year for a maximum of:

- one apprentice; or
- not more than six apprentices if at least half are:
  - foster children who have or are transitioning to independent living as described in Texas Family Code, §264.121;
  - military veterans as defined by Texas Occupations Code, §55.001;
  - military spouses as defined by Texas Occupations Code, §55.001; or
  - women.

Texas Tax Code, §151.4292(f) requires the executive director to create an application for certification to receive the tax refund under Texas Tax Code, §151.4292. Those persons who wish to receive the tax refund shall apply to the executive director for certification under Texas Tax Code, §151.4292. Only persons certified under Texas Tax Code, §151.4292 by the executive director may apply to the comptroller for the refund in Texas Tax Code, §151.4292.

1 Texas Tax Code, §151.4292(g) limits the executive director to providing certification for not more than  
2 100 persons in a calendar year. If the number of applicants in a calendar year exceeds this limit, the  
3 executive director shall select applicants to certify using criteria in Texas Tax Code, §151.4292(h).

4  
5 Texas Tax Code, §151.4292(h) requires the executive director to adopt rules establishing merit-based  
6 criteria for selecting persons to certify for eligibility to apply to the comptroller for the tax refund under  
7 Texas Tax Code, §151.4292. The executive director must give preference to applicants who:

- 8 • offer qualifying apprenticeships in areas of Texas not designated by the United States Office of  
9 Management and Budget as metropolitan statistical areas; and
- 10 • provide training and skills development in emerging or developing occupational fields.

11  
12 Texas Tax Code, §151.4292(i) requires the executive director to issue a certificate that confirms  
13 eligibility to apply for the tax refund to each person certified under Texas Tax Code, §151.4292(f).

14  
15 Texas Tax Code, §151.4292(j) stipulates that a person must apply for the refund under Texas Tax Code,  
16 §151.4292 to the comptroller. The application must include the certificate issued by the executive  
17 director and any other information required by the comptroller.

18  
19 Texas Tax Code, §151.4292(k) requires the executive director to prepare and deliver a report that  
20 evaluates the effectiveness of the pilot program on employment outcomes and earnings for apprentices  
21 with respect to the refunds that are granted under Texas Tax Code, §151.4292. The report must  
22 recommend whether the program should be "continued, expanded, or terminated." The report must be  
23 delivered to the governor, lieutenant governor, speaker of the house of representatives, and presiding  
24 officer of each legislative standing committee with primary jurisdiction over taxation, no later than  
25 September 1, 2024.

26  
27 Texas Tax Code, §151.4292(l) states that a person applying for a refund under Texas Tax Code,  
28 §151.4292 shall provide to the executive director such information requested to prepare the report  
29 required by Texas Tax Code, §151.4292(k).

30  
31 Texas Tax Code, §151.4292(m) stipulates that the section shall expire December 31, 2026.

### 32 33 **Purpose for the Proposed Rule**

34 The purpose of this rulemaking is to establish the Tax Refund Pilot Program for Certain Persons Who  
35 Employ Apprentices to implement SB 1524.

### 36 **Rule Revisions Required by Federal Regulation or State Statute**

#### 37 38 **Issue #1: Implementation of SB 1524**

39 SB 1524 added Texas Tax Code, §151.4292, which establishes a pilot program that provides for a tax  
40 incentive for employers hiring apprentices through the United States Department of Labor–approved  
41 registered apprenticeship programs or industry-recognized apprenticeship programs. Entities shall apply  
42 for eligibility through TWC. Each year, TWC's executive director shall certify up to 100 eligible entities  
43 who employed at least one new apprentice for no less than seven months in the previous year. If TWC  
44 receives more than 100 eligible applications for the tax refund, TWC-defined merit criteria shall be  
45 applied to limit certified entities to no more than 100 for the previous year. These criteria shall require  
46 preference be given to non-metro entities offering training in emerging or developing fields.

1 The tax refund, which is provided by the comptroller's office, shall not be for more than \$2,500 per  
2 eligible apprentice. Though employers may hire as many apprentices each year as they choose, eligible  
3 entities may only receive a tax refund for a single individual. *However, if an eligible entity employs new*  
4 *apprentices who are transitioning or former foster youth, veterans, military spouses, or women, they*  
5 *may be eligible for a tax refund for up to six apprentices, provided at least half are from one or more of*  
6 *these groups.*

7  
8 Program staff recommends the following timeline developed in collaboration with comptroller's office  
9 staff.

- 10 • January 1–March 31: Applications accepted by TWC for the previous year.
- 11 • April 1–May 31: TWC reviews accepted applications.
- 12 • June 1: TWC's executive director provides a report to comptroller of eligible entities.

13  
14 Texas Tax Code, §151.4292(k) requires TWC's executive director to deliver a report to the governor,  
15 lieutenant governor, and legislature, no later than September 1, 2024, evaluating the effectiveness of the  
16 pilot program and recommending whether the program should be continued, expanded, or terminated.

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18 **Other Rule Revisions**

19 None

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21 **PC Decision Point**

22 Staff recommends establishing rules in Chapter 839, Subchapter A to implement SB 1524.