

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax

**Issue:** Job Training Organizations

**Bill Number(s):** SB 1098

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Senator Lee

**Month/Year Impact Begins:** July 1, 2019

**Date of Analysis:** March 29, 2019

### Section 1: Narrative

**a. Current Law:** There is no current statute providing a sales tax refund for eligible job training organizations.

**b. Proposed Change:** Section 1. Section 212.094, F.S., is created to read:

212.094 Sales tax refund for eligible job training organizations. –

(1) As used in this section, the term:

(a) “Eligible job training organization” means an organization that:

1. Is an exempt organization under s. 501(c)(3) of the Internal Revenue Code of 1986, as amended;

2. Provides job training and employment services to low income persons as defined in s. 420.0004, individuals who have workplace disadvantages, or individuals with barriers to employment; and

3. Is accredited by the Commission on Accreditation of Rehabilitation Facilities.

(b) “Growth in employment hours” means the growth in the number of hours worked by employees at an eligible job training organization in the most recently completed state fiscal year, compared to the number of hours worked by employees at the eligible job training organization in the state fiscal year immediately before the most recently completed state fiscal year.

(c) “Job training and employment services” means programs and services that are provided to improve job readiness, to assist workers in gaining employment and adapting to the changing labor market, and to help workers achieve success through self-sufficiency.

(2) An eligible job training organization is entitled to a refund of 10 percent of the sales tax remitted to the department during the most recently completed state fiscal year on its sales of goods donated to the organization. The organization must reserve the refund exclusively for use in any of the following:

(a) Growth in employment hours.

(b) Job training and employment services to low-income persons as defined in s. 420.0004, individuals who have workplace disadvantages, and individuals with barriers to employment.

(c) Job training and employment services for veterans.

(3) The total amount of refunds that the department may issue under this section may not exceed \$2 million in any state fiscal year. Refunds must be granted on a first-come, first served basis.

(4) An organization seeking a refund under this section must first submit an application to the Department of Economic Opportunity by July 15, which sets forth that the organization meets the requirements under paragraph (1)(a) and that the refund will be used exclusively for the purposes listed in Florida Senate - subsection (2). The organization must submit supporting information as prescribed by the Department of Economic Opportunity by rule.

(5)(a) The Department of Economic Opportunity shall verify the application and notify the organization of its determination within 15 days after receiving a complete application. The Department of Economic Opportunity shall communicate its decision in writing or, if agreed to by the applicant, via e-mail.

(b) If the Department of Economic Opportunity approves the application, the notice sent to the eligible job training organization must include a certification that the organization is eligible to receive a refund of certain sales and use tax remitted under this chapter. The Department of Economic Opportunity shall transmit a copy of the notice and certification, if applicable, to the department.

(c) Upon the Department of Economic Opportunity’s issuance of a certification, the certification remains valid so long as the eligible job training organization is in compliance with the requirements of this section.

(6) An eligible job training organization certified under this section must apply to the department between August 1 and August 31 of each year to receive a refund. A copy of the certification must be included in an eligible job training organization’s first application for a refund, but is not required to be included in subsequent applications. The organization must submit any information required by the department as part of its application for the refund.

(7) For purposes of this section, an eligible job training organization comprised of commonly owned and controlled entities is deemed to be a single organization.

(8) By August 1 following each state fiscal year in which an eligible job training organization received a refund pursuant to subsection (2), the organization must provide a report to the Department of Economic Opportunity regarding the use of the funds in accordance with subsection (2). The report must include at least all of the following:

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- (a) The amount of the refund used to create growth in employment hours.
- (b) The total growth in employment hours.
- (c) The amount of the refund used for job training and employment services.
- (d) The number of individuals who participated in job training and employment services at the eligible job training organization.
- (e) A statement declaring that the eligible job training organization continues to meet the requirements of this section.
- (9)(a) The Department of Economic Opportunity may adopt rules to administer this section, including rules for the approval and disapproval of applications.
- (b) If the Department of Economic Opportunity determines that an eligible job training organization no longer qualifies for the refund under this section, the Department of Economic Opportunity must notify the department immediately. The department may not issue a refund after receiving such notification.
- (c) Notwithstanding s. 95.091(3)(a)6.b., the department may audit any refund within 4 years after a refund is granted overpayment of a refund or a refund issued to an ineligible organization is subject to repayment and interest at the rate calculated pursuant to s. 213.235.

Section 2. This act shall take effect July 1, 2019.

**Section 2: Description of Data and Sources**

Florida Department of Revenue Sales Tax CY Data (2017)

**Section 3: Methodology (Include Assumptions and Attach Details)**

The most recent sales tax revenue data reported by the Florida Department of Revenue was used to identify the job training organizations that may qualify for the refund granted by SB 1098. The most recent sales tax data indicates that the job training organizations eligible under SB 1098 would reach the maximum refund cap of \$2 million.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			\$(2M)	\$(2M)		
2020-21			\$(2M)	\$(2M)		
2021-22			\$(2M)	\$(2M)		
2022-23			\$(2M)	\$(2M)		
2023-24			\$(2M)	\$(2M)		

**List of affected Trust Funds:**

**Section 5: Consensus Estimate (Adopted: 03/29/2019): The Conference adopted the proposed estimate.**

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2020-21	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2021-22	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2022-23	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2023-24	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.2)	(0.2)	(0.4)	(0.4)	(2.0)	(2.0)
2019-20	(0.2)	(0.2)	(0.4)	(0.4)	(2.0)	(2.0)
2020-21	(0.2)	(0.2)	(0.4)	(0.4)	(2.0)	(2.0)
2021-22	(0.2)	(0.2)	(0.4)	(0.4)	(2.0)	(2.0)
2022-23	(0.2)	(0.2)	(0.4)	(0.4)	(2.0)	(2.0)