

1 **CHAPTER 800. GENERAL ADMINISTRATION**

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3 **PROPOSED RULES TO BE PUBLISHED IN THE *TEXAS REGISTER*. THIS**  
4 **DOCUMENT WILL HAVE NO SUBSTANTIVE CHANGES BUT IS SUBJECT TO**  
5 **FORMATTING CHANGES AS REQUIRED BY THE OFFICE OF THE SECRETARY**  
6 **OF STATE.**

7  
8 The Texas Workforce Commission (TWC) proposes the following new subchapter to Chapter  
9 800, relating to General Administration:

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11 Subchapter M. Tax Refund for Wages Paid to Employee Receiving Financial Assistance,  
12 §§800.550 - 800.557

13  
14 **PART I. PURPOSE, BACKGROUND, AND AUTHORITY**

15 The purpose of proposed new Chapter 800, Subchapter M is to establish administrative rules to  
16 clarify the requirements and eligibility determination applicable under Texas Labor Code,  
17 Chapter 301, Subchapter H, relating to Tax Refund for Wages Paid to Employee Receiving  
18 Financial Assistance.

19  
20 Senate Bill (SB) 82, enacted by the 73rd Texas Legislature, Regular Session (1993), amended  
21 Texas Human Resources Code, Chapter 31 by adding Subchapter D, Tax Refund for Wages Paid  
22 to Employee Receiving Financial Assistance (Tax Refund Program). The Tax Refund Program  
23 required the Texas Department of Human Services (DHS) to provide tax vouchers to persons  
24 upon application and certification of eligibility.

25  
26 In 1997, the 75th Texas Legislature enacted SB 1113, which transferred the Tax Refund Program  
27 from the Texas Human Resources Code, Chapter 31, Subchapter D to Texas Labor Code,  
28 Chapter 301, Subchapter H, effectively moving the application eligibility and certification  
29 procedures from DHS to TWC. SB 1113 also implemented new rulemaking authority, allowing  
30 TWC to "adopt rules as necessary to carry out its powers and duties under this subchapter" and  
31 required DHS to provide information to TWC that is required to determine eligibility for persons  
32 applying for the Tax Refund.

33  
34 The Comptroller of Public Accounts' rule under 34 Texas Administrative Code (TAC) §3.4,  
35 implemented in 1995, was not amended when the program transitioned from DHS to TWC.  
36 TWC did not establish rule to operate the Tax Refund Program. The application and eligibility  
37 certification procedures related to the Tax Refund Program have been operated by TWC staff  
38 since 1997 through publicly available information and a tax refund application form, currently  
39 maintained on TWC's Work Opportunity Tax Credit Program Overview webpage.

40  
41 The Comptroller's office is reviewing possible amendments to 34 TAC §3.4 that would eliminate  
42 reference to eligibility determinations in its rule. TWC determined that the establishment of an  
43 administrative rule to clarify the requirements and eligibility determination applicable under  
44 Texas Labor Code, §301.107 is now needed.

1 **PART II. EXPLANATION OF INDIVIDUAL PROVISIONS**

2  
3 **SUBCHAPTER M. TAX REFUND FOR WAGES PAID TO EMPLOYEE RECEIVING**  
4 **FINANCIAL ASSISTANCE**

5 TWC proposes new Subchapter M, as follows:

6  
7 **§800.550. Purpose**

8 New §800.550 states the purpose and goal for Chapter 800, Subchapter M.

9  
10 **§800.551. Definitions**

11 New §800.551 defines terms used in Chapter 800, Subchapter M.

12  
13 **§800.552. Tax Refund Voucher**

14 New §800.552(a) states that TWC shall issue tax refund vouchers in the amounts allowed by and  
15 subject to restrictions in Chapter 800, Subchapter M. New §800.552(b) states that a person  
16 issued a tax refund voucher may apply for the tax refund.

17  
18 **§800.553. Amount of Refund: Limitation**

19 New §800.553(a) states the maximum amount of the potential tax refund allowed per employee  
20 that is certified under new §800.554 and §800.555. New §800.553(b) states that the refund  
21 amount cannot exceed the amount of net tax paid by the person to the State of Texas after any  
22 other applicable tax credits for the calendar year.

23  
24 **§800.554. Eligibility**

25 New §800.554 describes the eligibility required for the tax refund. New §800.554(1) describes  
26 the eligibility requirements regarding wages incurred by a person for service of an employee.  
27 New §800.554(2) refers to the certification requirements in new §800.555, and new §800.554(3)  
28 describes the options for a person to provide and pay a part of the cost for health care coverage.

29  
30 **§800.555. Certification**

31 New §800.555 describes the time parameters for an employee to be receiving financial or  
32 medical assistance prior to employment.

33  
34 **§800.556. Application for Refund: Issuance**

35 New §800.556 identifies the time period, on or after January 1 and before April 1, for persons to  
36 submit applications for the previous calendar year. New §800.556(b) gives TWC the authority to  
37 promulgate the application for the tax refund voucher. New §800.556(c) limits the use of the tax  
38 refund voucher to the year for which the voucher is issued.

39  
40 **§800.557. Limitations.**

41 New §800.557(a) reinforces the requirement of health care coverage for the employee under new  
42 §800.554(3). New §800.557(b) identifies rules of conveyance, assignment, or transfer of a refund under  
43 Chapter 800, Subchapter M.

1 **PART III. IMPACT STATEMENTS**

2 Chris Nelson, Chief Financial Officer, determined that for each year of the first five years the rules will be  
3 in effect, the following statements will apply:

4  
5 There are no additional estimated costs to the state and to local governments expected as a result  
6 of enforcing or administering the rules.

7  
8 There are no estimated cost reductions to the state and to local governments as a result of  
9 enforcing or administering the rules.

10  
11 There are no estimated losses or increases in revenue to the state or to local governments as a  
12 result of enforcing or administering the rules.

13  
14 There are no foreseeable implications relating to costs or revenue of the state or local  
15 governments as a result of enforcing or administering the rules.

16  
17 There are no anticipated economic costs to individuals required to comply with the rules.

18  
19 There is no anticipated adverse economic impact on small businesses, microbusinesses, or rural  
20 communities as a result of enforcing or administering the rules.

21  
22 Based on the analyses required by Texas Government Code, §2001.024, TWC determined that  
23 the requirement to repeal or amend a rule, as required by Texas Government Code, §2001.0045,  
24 does not apply to this rulemaking.

25  
26 Takings Impact Assessment

27 Under Texas Government Code, §2007.002(5), "taking" means a governmental action that  
28 affects private real property, in whole or in part or temporarily or permanently, in a manner that  
29 requires the governmental entity to compensate the private real property owner as provided by  
30 the Fifth and Fourteenth Amendments to the United States Constitution or the Texas  
31 Constitution, Article I, §17 or §19, or restricts or limits the owner's right to the property that  
32 would otherwise exist in the absence of the governmental action, and is the producing cause of a  
33 reduction of at least 25 percent in the market value of the affected private real property,  
34 determined by comparing the market value of the property as if the governmental action is not in  
35 effect and the market value of the property determined as if the governmental action is in effect.  
36 TWC completed a Takings Impact Analysis for the proposed rulemaking action under Texas  
37 Government Code, §2007.043. The primary purpose of this proposed rulemaking action, as  
38 discussed elsewhere in this preamble, is to establish administrative rules to clarify the  
39 requirements and eligibility determination applicable under Texas Labor Code, Chapter 301,  
40 Subchapter H.

41  
42 The proposed rulemaking action will not create any additional burden on private real property or  
43 affect private real property in a manner that would require compensation to private real property  
44 owners under the United States Constitution or the Texas Constitution. The proposal also will  
45 not affect private real property in a manner that restricts or limits an owner's right to the property

1 that would otherwise exist in the absence of the governmental action. Therefore, the proposed  
2 rulemaking will not cause a taking under Texas Government Code, Chapter 2007.

3  
4 Government Growth Impact Statement

5 TWC determined that during the first five years the rules will be in effect, they will not:

- 6 --create or eliminate a government program;
- 7 --require the creation or elimination of employee positions;
- 8 --require an increase or decrease in future legislative appropriations to TWC;
- 9 --require an increase or decrease in fees paid to TWC;
- 10 --create a new regulation;
- 11 --expand, limit, or eliminate an existing regulation;
- 12 --change the number of individuals subject to the rules; and
- 13 --positively or adversely affect the state's economy.

14  
15 Economic Impact Statement and Regulatory Flexibility Analysis

16 TWC determined that the rules will not have an adverse economic impact on small businesses or  
17 rural communities, as the proposed rules place no requirements on small businesses or rural  
18 communities.

19  
20 Mariana Vega, Director, Labor Market Information, determined that there is not a significant  
21 negative impact upon employment conditions in the state as a result of the rules.

22  
23 Courtney Arbour, Director, Workforce Development Division, determined that for each year of  
24 the first five years the rules are in effect, the public benefit anticipated as a result of enforcing the  
25 proposed rules will be to provide a tax refund incentive for persons to hire employees on  
26 Medicaid or receiving Temporary Assistance for Needy Families benefits.

27  
28 TWC hereby certifies that the proposal has been reviewed by legal counsel and found to be  
29 within TWC's legal authority to adopt.

30  
31 **PART IV. COORDINATION ACTIVITIES**

32 In the development of these rules for publication and public comment, TWC sought the  
33 involvement of Texas' 28 Local Workforce Development Boards (Boards). TWC provided the  
34 policy concept for the new rules to the Boards for consideration and review on April 19, 2022.  
35 TWC also conducted a conference call with Board executive directors and Board staff on April  
36 22, 2022, to discuss the policy concept. During the rulemaking process, TWC considered all  
37 information gathered in order to develop rules that provide clear and concise direction to all  
38 parties involved.

39  
40 **PART V. PUBLIC COMMENTS**

41 Comments on the proposed rules may be submitted to [TWCPolicyComments@twc.texas.gov](mailto:TWCPolicyComments@twc.texas.gov)  
42 and must be received no later than September 26, 2022.

43  
44 **PART VI. STATUTORY AUTHORITY**

45 The rules are proposed under Texas Labor Code, §301.107(a), which stipulates that TWC shall  
46 adopt rules as necessary to carry out its powers and duties under Chapter 301, Subchapter H.

1 The proposed rules affect Title 4, Texas Labor Code, particularly Chapter 301.

2



1 period beginning with the date the employee begins work for the person and ending  
2 on the first anniversary of that date.

3  
4 (b) The refund claimed for a calendar year shall not exceed the amount of the net tax  
5 paid by the person to the State of Texas, after any other applicable tax credits in that  
6 calendar year.

7  
8 **§800.554. Eligibility.**

9  
10 A person is eligible for the refund for wages paid or incurred by the person, during each  
11 calendar year for which the refund is claimed, only in the following circumstances:

12  
13 (1) The wages paid or incurred by the person are for services of an employee who  
14 is a:

15  
16 (A) resident of this state; and

17  
18 (B) recipient of:

19  
20 (i) financial assistance or services in accordance with Texas Human  
21 Resources Code, Chapter 31; or

22  
23 (ii) medical assistance in accordance with Texas Human Resources  
24 Code, Chapter 32;

25  
26 (2) The person satisfies the certification requirements under §800.555 of this  
27 subchapter; and

28  
29 (3) The person, under an arrangement under Texas Human Resources Code,  
30 §32.0422, provides and pays for the benefit of the employee a part of the cost  
31 of coverage under:

32  
33 (A) a health plan provided by a health maintenance organization established  
34 under Texas Insurance Code, Chapter 843;

35  
36 (B) a health benefit plan approved by the commissioner of insurance;

37  
38 (C) a self-funded or self-insured employee welfare benefit plan that provides  
39 health benefits and is established in accordance with the Employee  
40 Retirement Income Security Act of 1974 (29 United States Code §§1001  
41 et seq.); or

42  
43 (D) a medical savings account or other health reimbursement arrangement  
44 authorized by law.

1 **§800.555. Certification.**

2  
3 A person is not eligible for the refund of wages paid or incurred by the person unless the  
4 person has received a written certification from the Agency that the person's employee is  
5 a recipient of:

6  
7 (1) financial assistance within the six months prior to his or her start date; or

8  
9 (2) medical assistance within the six months prior to his or her start date.

10  
11 **§800.556. Application for Refund: Issuance.**

12  
13 (a) A person may apply for a tax refund voucher for wages paid an employee in a  
14 calendar year only on or after January 1 and before April 1 of the following calendar  
15 year.

16  
17 (b) A person must submit an application for the tax refund voucher on a form  
18 promulgated by the Agency.

19  
20 (c) On issuance of the tax refund voucher to the person by the Agency, the person may  
21 apply the voucher against a tax paid by the person to this state only for the calendar  
22 year for which the voucher is issued.

23  
24 **§800.557. Limitations.**

25  
26 (a) A person may only apply for a tax refund related to wages paid while the person's  
27 employee was covered by health care coverage in accordance with §800.554(3) of  
28 this subchapter and the cost of coverage was paid in full or in part by the person.

29  
30 (b) A person may convey, assign, or transfer a refund under this subchapter to another  
31 person only if:

32  
33 (1) the employing unit is sold, conveyed, assigned, or transferred, in the same  
34 transaction or in a related transaction, to the person to whom the refund is  
35 conveyed assigned, or transferred; or

36  
37 (2) the person to whom the refund is conveyed, assigned, or transferred:

38  
39 (A) is subject to a tax administered by the comptroller and deposited to the  
40 credit of the state General Revenue Fund without dedication; and

41  
42 (B) directly or indirectly owns, controls, or otherwise directs, in whole or in  
43 part, an interest in the person from whom the refund is conveyed,  
44 assigned, or transferred.