

Amend SB 636 (House committee printing) by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter C, Chapter 151, Tax Code, is amended by adding Section 151.0565 to read as follows:

Sec. 151.0565. TAXABLE ITEMS SOLD OR PROVIDED UNDER DESTINATION MANAGEMENT SERVICES CONTRACTS. (a) In this section:

(1) "Destination management services" means the following services when provided under a qualified destination management services contract:

(A) transportation management;

(B) booking and managing entertainers;

(C) coordination of tours or recreational activities;

(D) meeting, conference, or event registration;

(E) meeting, conference, or event staffing;

(F) event management; and

(G) meal coordination.

(2) "Qualified destination management company" means a business entity that:

(A) is incorporated or is a limited liability company;

(B) receives at least 80 percent of the entity's annual total revenue from providing or arranging for the provision of destination management services;

(C) maintains a permanent nonresidential office from which the destination management services are provided or arranged;

(D) has at least three full-time employees;

(E) spends at least one percent of the entity's annual gross receipts to market the destinations with respect to which destination management services are provided;

(F) has at least 80 percent of the entity's clients described by Subdivision (3)(A) located outside this state;

(G) other than office equipment used in the conduct of the entity's business, does not own equipment used to directly provide destination management services, including motor

coaches, limousines, sedans, dance floors, decorative props, lighting, podiums, sound or video equipment, or equipment for catered meals;

(H) is not doing business as a caterer;

(I) does not provide services for weddings;

(J) does not own a venue at which events or activities for which destination management services are provided occur; and

(K) is not a subsidiary of another entity that, and is not a member of an affiliated group, as that term is defined by Section 171.0001, another member of which:

(i) is doing business as, or owns or operates another entity doing business as, a caterer; or

(ii) owns or operates a venue described by Paragraph (J).

(3) "Qualified destination management services contract" means a contract under which at least three of the destination management services listed in Subdivision (1) are provided:

(A) in this state to a client that is not an individual and that:

(i) is a corporation, partnership, limited liability company, trade association, or other business entity, other than a social club or fraternal organization;

(ii) has its principal place of business outside the county where the destination management services are to be provided; and

(iii) agrees to pay the qualified destination management company for all destination management services provided to the client under the terms of the contract; and

(B) by a qualified destination management company that pays or accrues liability for the payment of taxes imposed by this chapter on purchases of taxable items that will be consumed or used by the company in performing the contract.

(b) A qualified destination management company is the consumer of taxable items sold or otherwise provided under a qualified destination management services contract, and the

destination management services provided under the contract are not considered taxable services, as that term is defined by Section 151.0101.

SECTION _____. (a) Section 171.1011, Tax Code, is amended by adding Subsection (g-6) to read as follows:

(g-6) A taxable entity that is a qualified destination management company as defined by Section 151.0565 shall exclude from its total revenue, to the extent included under Subsection (c)(1)(A), (c)(2)(A), or (c)(3), payments made to other persons to provide services, labor, or materials in connection with the provision of destination management services as defined by Section 151.0565.

(b) This section applies only to a report originally due on or after the effective date of this section.

(c) Notwithstanding any other provision of this Act, this section takes effect January 1, 2010.