

By: Hartnett

H.B. No. 2583

Substitute the following for H.B. No. 2583:

By: Hilderbran

C.S.H.B. No. 2583

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the imposition of the sales and use tax on taxable items
3 sold or provided under qualified destination management services
4 contracts.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter C, Chapter 151, Tax Code, is amended
7 by adding Section 151.0565 to read as follows:

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

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

- 13 (A) transportation management;
14 (B) booking and managing entertainers;
15 (C) coordination of tours or recreational
16 activities;
17 (D) meeting, conference, or event registration;
18 (E) meeting, conference, or event staffing;
19 (F) event management; and
20 (G) meal coordination.

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

- 23 (A) is incorporated or is a limited liability
24 company;

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

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

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

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

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

13 (G) other than office equipment used in the
14 conduct of the entity's business, does not own equipment used to
15 directly provide destination management services, including motor
16 coaches, limousines, sedans, dance floors, decorative props,
17 lighting, podiums, sound or video equipment, or equipment for
18 catered meals;

19 (H) is not doing business as a caterer;

20 (I) does not provide services for weddings;

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

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

27 (i) is doing business as, or owns or

1 operates another entity doing business as, a caterer; or
2 (ii) owns or operates a venue described by
3 Paragraph (J).

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

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

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

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

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

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

23 (b) A qualified destination management company is the
24 consumer of taxable items sold or otherwise provided under a
25 qualified destination management services contract, and the
26 destination management services provided under the contract are not
27 considered taxable services, as that term is defined by Section

1 151.0101.

2 SECTION 2. This Act takes effect immediately if it receives
3 a vote of two-thirds of all the members elected to each house, as
4 provided by Section 39, Article III, Texas Constitution. If this
5 Act does not receive the vote necessary for immediate effect, this
6 Act takes effect September 1, 2009.