

By: Hartnett, Jackson

H.B. No. 3131

Substitute the following for H.B. No. 3131:

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C.S.H.B. No. 3131

A BILL TO BE ENTITLED

AN ACT

relating to the exclusion of certain payments from the total revenue of a qualified destination management company for purposes of the franchise tax.

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

SECTION 1. 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 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. In this subsection:

(1) "Destination management services" means the following services:

(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

1 a taxable entity that:

2 (A) receives at least 80 percent of the entity's
3 annual total revenue from its entire business from providing or
4 arranging for the provision of a combination of at least four
5 destination management services;

6 (B) maintains a permanent nonresidential office
7 from which the destination management services are provided or
8 arranged;

9 (C) has at least three full-time employees;

10 (D) spends at least one percent of the entity's
11 annual gross receipts from its entire business to market the
12 destinations with respect to which destination management services
13 are provided;

14 (E) has at least 80 percent of the clients with
15 which the entity enters into destination management services
16 contracts located outside this state;

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

23 (G) is not doing business as a caterer;

24 (H) does not provide services for weddings;

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

1 (J) is not a subsidiary of another entity that,
2 and is not a member of an affiliated group another member of which:

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

5 (ii) owns or operates a venue described by
6 Paragraph (I).

7 SECTION 2. This Act applies only to a report originally due
8 on or after the effective date of this Act.

9 SECTION 3. This Act takes effect January 1, 2010.