

By: Van de Putte

S.B. No. 1347

A BILL TO BE ENTITLED

AN ACT

relating to the imposition of the sales and use tax on taxable items sold or provided under certain contracts.

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

SECTION 1. 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:

(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 its entire business, as determined under

1 Section 171.1011, from providing or arranging for the provision of
2 a combination of at least four destination management services;

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

6 (D) has at least three full-time employees during
7 all or part of a calendar year;

8 (E) other than office equipment used in the
9 conduct of the entity's business, does not own equipment used to
10 directly provide destination management services, including motor
11 coaches, limousines, sedans, dance floors, decorative props,
12 lighting, podiums, sound or video equipment, or equipment for
13 catered meals;

14 (F) is not doing business as a caterer;

15 (G) does not provide services for weddings; and

16 (H) does not own a venue at which events or
17 activities for which destination management services are provided
18 occur.

19 (3) "Qualified destination management services
20 contract" means a contract under which destination management
21 services are provided:

22 (A) by a qualified destination management
23 company that pays each person who sells or leases to the company
24 taxable items that will be consumed or used in performing the
25 contract for:

26 (i) the sale or use of those items; and

27 (ii) amounts charged by the person for

1 sales and use taxes imposed by this chapter; and

2 (B) to a client that is not an individual and
3 that:

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

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

10 (iii) agrees to pay the qualified
11 destination management company for all destination management
12 services provided to the client under the terms of the contract.

13 (b) A qualified destination management company is the
14 consumer of taxable items sold or otherwise provided under a
15 qualified destination management services contract, and the
16 destination management services provided under the contract are not
17 considered taxable services, as that term is defined by Section
18 151.0101.

19 SECTION 2. Section 151.0565, Tax Code, as added by this Act,
20 is a clarification of existing law and does not imply that the
21 former law may be construed as inconsistent with the law as added by
22 this Act.

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