

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 7, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2583 by Hartnett (Relating to the imposition of the sales and use tax on taxable items sold or provided under qualified destination management services contracts.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 151 of the Tax Code, regarding the sales tax and services subject to that tax.

The bill would create definitions for "destination management services," "qualified destination management company," and "qualified destination management services contract" under the sales tax.

The bill would specify that a qualified destination management company is the consumer of taxable items sold under a qualified destination management services contract, and the services provided under the contract are not considered taxable services under the sales tax.

The bill would apply to a limited number of companies providing services under qualified destination management services contracts and the resulting sales tax revenue loss is not considered significant.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, KK