

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 19, 2009

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

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

IN RE: HB3131 by Hartnett (Relating to the exclusion of certain payments from the total revenue of certain taxable entities for purposes of the franchise tax.), **As Introduced**

The bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of \$130,000 for the 2010-11 biennium. Any loss to the Property Tax Relief Fund will have to be made up with General Revenue of the same amount to fund property tax relief.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Property Tax Relief Fund</i> 304
2010	(\$65,000)
2011	(\$65,000)
2012	(\$65,000)
2013	(\$65,000)
2014	(\$65,000)

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, to provide certain taxable entities an exclusion from total revenue.

Under the bill, a taxable entity that is a qualified destination management company would exclude from its total revenue the payments made to other persons to provide services, labor, or materials in connection with the provision of destination management services.

The bill would define "destination management services" and "qualified destination management company." The latter would require that the entity (1) receive at least 80 percent of its total revenue from providing or arranging at least four of the destination management services defined in the bill; (2) maintain a permanent nonresidential office; (3) have at least three full-time employees; (4) not own equipment used directly to provide destination management services; (5) not do business as a caterer;

(6) not provide services for weddings; and (7) not own an events or activities venue.

The bill would take effect on January 1, 2010, and apply to a franchise tax report due on or after that date.

Methodology

The estimated fiscal impact is based on information describing and lists of destination management companies and on information in the Comptroller's franchise tax data bases.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SM