

By: Bohac

H.B. No. 3169

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. Sections 151.0565(a)(1) and (2), Tax Code, are amended to read as follows:

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

- (A) transportation vehicle management;
- (B) booking and managing entertainers;
- (C) coordination of tours or recreational activities;
- (D) meeting, conference, or event registration;
- (E) meeting, conference, transportation, or event staffing;
- (F) event management; [~~and~~]
- (G) meal coordination;
- (H) shuttle system services, including vehicle staging, radio communications, signage, and routing services; and
- (I) airport meet-and-greet services, including the provision of airport permits, manifest management services, portage, and passenger greeting services.

(2) "Qualified destination management company" means

1 a business entity that:

2 (A) is incorporated or is a limited liability  
3 company;

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

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

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

11 (E) maintains a general liability insurance  
12 policy with a limit of at least \$1 million [~~spends at least one~~  
13 ~~percent of the entity's annual gross receipts to market the~~  
14 ~~destinations with respect to which destination management services~~  
15 ~~are provided~~];

16 (F) has at least 80 percent of the entity's  
17 clients [~~described by Subdivision (3)(A)~~] located outside this  
18 state;

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

25 (H) does not prepare or serve beverages, meals,  
26 or other food products, but may procure catering services on behalf  
27 of the entity's clients [~~is not doing business as a caterer~~];

1 (I) does not provide services for weddings;

2 (J) does not own or operate a venue at which  
3 events or activities for which destination management services are  
4 provided occur; and

5 (K) [~~is not a subsidiary of another entity that,~~  
6 ~~and~~] is not a member of an affiliated group, as that term is defined  
7 by Section 171.0001, another member of which:

8 (i) prepares or serves beverages, meals, or  
9 other food products [~~is doing business as, or owns or operates~~  
10 ~~another entity doing business as, a caterer~~]; or

11 (ii) owns or operates a venue described by  
12 Paragraph (J).

13 SECTION 2. The change in law made by this Act does not  
14 affect tax liability accruing before the effective date of this  
15 Act. That liability continues in effect as if this Act had not been  
16 enacted, and the former law is continued in effect for the  
17 collection of taxes due and for civil and criminal enforcement of  
18 the liability for those taxes.

19 SECTION 3. This Act takes effect September 1, 2013.