

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 25, 2013

TO: Honorable David Dewhurst, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3169 by Bohac (Relating to the imposition of the sales and use tax on certain taxable items.), **Conference Committee Report**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Chapter 151, Tax Code, with respect to taxation of destination management services, health care supplies, and newspapers.

Section 151.0565(a)(1) would be amended to include transportation vehicle management, transportation, shuttle service services, and airport meet-and-greet services within the definition of destination management services and to strike from that definition the limitation that such services be provided under a qualified destination management services contract.

Section 151.0565(a)(2) would be amended: 1) to limit the definition of qualified destination management company to one that receives at least 80 percent of revenue from a combination of at least six destination management services; 2) to require that a qualified destination management company maintain a general liability insurance policy with a limit of at least \$1 million; 3) to modify the requirement that at least 80 percent of the entity's clients be located outside this state to state that during the preceding tax year at least 80 percent of the entity's client contracts be for clients outside this state who were determined by a contracting entity outside this state or for clients from outside this state who were program attendees staying in a hotel in this state; 4) to delete the requirement that such a company spend at least one percent of its annual gross receipts to market the destinations with respect to which it provides services; 5) to clarify the prohibition of such a company from preparation or service of food or beverages; and 6) to prohibit such a company from operation of a venue at which events or activities for which destination management services are provided occur.

The bill would amend Section 151.313 of the tax code regarding the sales tax exemption of certain medical equipment.

Section 151.319(f) would be amended to increase the limitation on the average sales price of a publication that meets the definition of "newspaper" from \$1.50 to \$3.00. Section 151.319(a) of this code exempts a newspaper from sales and use tax.

The elimination of the requirement to market destinations and modification of other criteria for qualification as a destination management company is not expected to significantly alter the set of

affected entities, and shuttle services and airport meet-and-greet services are not taxable services. The amendments of Section 151.0565 accordingly would not have significant fiscal implications.

The Section 151.313 amendment of the definition of "intravenous system" would not have a significant fiscal impact.

The amount of sales tax revenue that may currently be collected from sales of newspapers with an average price between \$1.50 and \$3.00 cannot be determined, but is expected to be negligible.

The bill would take effect September 1, 2013.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

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