LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 9, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3169** by Bohac (Relating to the imposition of the sales and use tax on taxable items sold or provided under certain contracts.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 151, Tax Code, with respect to taxation of destination management services.

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 when provided under a qualified destination management services contract.

Section 151.0565(a)(2) would be amended to require that a qualified destination management company maintain a general liability insurance policy with a limit of at least $1 million, 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, to clarify the prohibition of such a company from preparation or service of food or beverages, and to prohibit such a company from operation of a venue at which events or activities for which destination management services are provided occur.

The elimination of the requirement to market destinations and modification of other criteria for qualification as a destination managment 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 bill accordingly would not have significant fiscal implications.

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
LBB Staff: UP, KK, SD