

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 12, 2017

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2562 by Shine (Relating to a sales and use tax exemption for property used in master recordings and admissions to certain amusement services.), **As Engrossed**

<p>No fiscal implication to the State is anticipated.</p>
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The bill would amend Chapter 151 of the Tax Code, regarding the limited sales and use tax.

The bill would amend Section 151.3101, regarding amusement service exemptions, by adding new Subsection (d) to provide that an admission to the championship game of the National Football League is exempt.

The bill also would provide a clarifying amendment of Section 151.3185, regarding exemption of certain property used in production of master recordings.

Section 151.3185 provides, in pertinent part, that tangible personal property that will become an ingredient or component part of, or is necessary and used or consumed in the production of, a motion picture, video, or audio recording a copy of which is sold, licensed, distributed, broadcast, or otherwise exhibited, is exempt from tax.

The bill would amend Section 151.3185 to clarify that the exemption applies with respect to a motion picture, video, or audio master recording, a copy of which is sold or otherwise distributed or exhibited for consideration, and add a definition of "master recording."

The amendment of Section 151.3101 could have no fiscal implications before 2022, because the NFL championship game is already scheduled to be held in other states through 2021. Under current law, ticket sales for an NFL championship game sited in Texas in 2022 or a year thereafter could be exempt from tax if the game were provided under contract for presentation by an eligible non-profit entity under Section 151.3101, as has been the case in the past. Thus the effect of the amendment would not be to confer an exemption for sales that would otherwise necessarily be taxable under current law; rather, the amendment provides the exemption directly to the NFL for its championship game. Consequently the amendment would not have fiscal implications.

The amendment of Section 151.3185 would be a codification of current administrative policy regarding interpretation of the section, and thus would have no fiscal implications.

This bill would take effect September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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