

BILL ANALYSIS

Senate Research Center
86R19118 GRM-F

H.B. 1965
By: Thompson, Senfronia et al. (Bettencourt)
Finance
5/2/2019
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

It has been suggested that the comptroller of public accounts has taken actions to narrow the scope of the sales and use tax exemption for amusement services. Concerns have been raised about the effect these actions might have with regard to an exemption that has allowed nonprofit organizations to bring numerous major theatrical productions to Texas, generating a substantial amount of revenue for the organizations to support other arts in Texas. H.B. 1965 seeks to provide certain hold harmless protections for the nonprofit organizations that rely on this tax exemption.

H.B. 1965 amends current law relating to the sales and use tax exemption for certain amusement services.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.3101, Tax Code, by adding Subsection (b-1) and amending Subsection (c), as follows:

(b-1) Provides that an amusement service remains exclusively provided under Subsection (a)(3) (relating to exempting certain amusement services from certain taxes only if exclusively provided by a nonprofit corporation or association, other than a certain entity, if the proceeds do not go to the benefit of an individual except as a part of the services of a purely public charity) or (5) (relating to exempting certain amusement services from certain taxes only if exclusively provided by an educational, religious, or law enforcement association) if an entity described by Subsection (a)(3) or (5) contracts with another entity not listed in or described by Subsection (a) (relating to exempting certain amusement services from certain taxes only if exclusively provided by certain entities) to provide touring theatrical productions:

(1) subject to a contract with the other entity for:

(A) a term of at least five years; and

(B) at least five presentations each year; and

(2) held at a location either owned by, or leased or licensed for a term of at least one year to, the contracting entity described by Subsection (a)(3) or (5).

(c) Defines "theatrical production" and makes nonsubstantive changes to this subsection.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2019.