

BILL ANALYSIS

C.S.H.B. 1965
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

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. C.S.H.B. 1965 seeks to provide certain hold harmless protections for the nonprofit organizations that rely on this tax exemption.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1965 amends the Tax Code to establish that an amusement service remains exclusively provided by a qualifying nonprofit corporation or association, by an educational, religious, or law enforcement association, or by a charitable organization for the purposes of determining whether the service is exempt from the sales and use tax if such an entity contracts with another entity that does not qualify for the exemption to provide touring theatrical productions that:

- are subject to a contract with the qualifying entity for a term of at least five years and at least five presentations each year; and
- are held at a location either owned by, or leased or licensed for a term of at least one year to, the contracting entity.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1965 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision defining "theatrical production."