

BILL ANALYSIS

Senate Research Center
86R19118 GRM-F

C.S.S.B. 1273
By: Bettencourt
Finance
3/16/2019
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Historically, sales and use tax exemptions have been allowed on the sale of tickets for certain amusement services, such as a theatrical productions offered by an eligible nonprofit organization, resulting in significant revenue to support the arts. According to interested parties, there has been an effort to narrow the scope of the sales and use tax exemption for certain amusement services. S.B. 1273 seeks to hold harmless certain nonprofit organizations that rely on the exemption that has been in place for many years.

S.B. 1273 amends the Tax Code to establish that an amusement service remains exclusively provided by a nonprofit corporation or association whose proceeds do not go to the benefit of an individual, except as a part of the services of a purely public charity or exclusively provided by an educational, religious, law enforcement association, or charitable organization, for purposes of the sales and use tax exemption for such amusement services, if such an entity contracts with another entity not listed or described as a tax-exempt amusement service provider to provide touring theatrical productions subject to a contract with the other entity for a term of at least five years and at least five presentations each year and held at a location either owned by, or leased or licensed for a term of at least one year to, the contracting entity.

S.B. 1273 will be supported by the organizations providing the amusement services and expect no opposition to the legislation. S.B. 1273 would take effect on September 1, 2019. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 1273 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 an exemption from taxes for amusement services exclusively provided by a nonprofit corporation or association) or (5) (relating to an exemption from taxes for amusement services exclusively provided by an educational, religious, law enforcement association, or charitable organization) if an entity described by Subsection (a)(3) or (5) contracts with another entity not listed in or described by Subsection (a) (relating to an exemption from taxes for amusement services exclusively provided by certain organizations) 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 "educational organization" and "theatrical production."

SECTION 2. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Provides that liability continues in effect for the collection of taxes due for civil and criminal enforcement of the liability for those taxes.

SECTION 3. Effective date: September 1, 2019.