

SUBJECT: Exempting theatrical productions contracted by nonprofits from sales tax

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 11 ayes — Burrows, Guillen, Bohac, Cole, Martinez Fischer, Murphy, Noble, E. Rodriguez, Sanford, Shaheen, Wray

0 nays

WITNESSES: For — Ken Novice, Dallas Summer Musicals; (*Registered, but did not testify*: Jeff Daniel and Mark Vane, Broadway Across America; Nancy Natinsky, Dallas Summer Musicals; John Kroll, HMWK L.L.C.; Idona Griffith; Ash Hall)

Against — None

BACKGROUND: Tax Code sec. 151.3101 exempts amusement services from sales and use tax when exclusively provided by eligible entities, including certain nonprofit, educational, and religious organizations.

DIGEST: CSHB 1965 would exempt from sales and use tax a theatrical production provided by a touring theatrical company who was under contract with an eligible nonprofit, educational, or other organization. A theatrical production would be defined as a live staged play, musical play, opera, or ballet.

In order to qualify for the exemption, the entity providing the production would have to enter into a contract with an eligible organization to provide a least five productions a year for a term of a least five years. These productions would have to be held at a location either owned by or leased or licensed to the eligible organization for at least one year.

The bill would take effect September 1, 2019, and would affect tax liability accruing on and after that date.