

SUBJECT: Specifying sales tax exemption for items sold by nonprofit at county fair

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 11 ayes — Meyer, Thierry, Button, Cole, Guerra, Martinez Fischer,
Murphy, Noble, Rodriguez, Sanford, Shine

0 nays

WITNESSES: For — None

Against — None

On — (*Registered, but did not testify*: Karey Barton, Comptroller of
Public Accounts)

BACKGROUND: Tax Code sec. 151.3102 exempts the sale of a taxable item from sales and use taxes if the seller or retailer is a 501(c)(3) nonprofit organization, the sale takes place at a county fair, and the purchaser is a person attending or participating in the fair.

DIGEST: CSHB 3799 would specify that an item was exempt from sales and use taxes if the seller or retailer was a county fair association or other nonprofit and the sale took place at a county fair operated by a county fair association on county-owned property.

The bill would define "county fair association" as a 501(c)(3) organization exempt from federal income taxation that organized a county fair primarily for the exhibition of local horticultural or agricultural products or livestock. The term would not include an association that held a license issued after January 1, 2001, under the Texas Racing Act or an association that organized events other than a county fair, including an exhibition of arts and crafts or a state fair.

"Livestock" would include turkeys, domesticated fowl, cows, sheep, swine, horses, mules, donkeys, and goats. The term would not include

domesticated animals such as dogs, cats, guinea pigs, hamsters, or similar animals.

The bill would take effect October 1, 2021, and would not affect tax liability accruing before that date.

**SUPPORTERS
SAY:**

HB 3799, by providing a definition for a county fair association, would clarify existing law exempting from sales and use taxes sales at county fairs by nonprofit organizations. The clarification would ensure that the tax exemption applied to particular organizations, as originally intended.

**CRITICS
SAY:**

No concerns identified.