

## **BILL ANALYSIS**

Senate Research Center  
86R10017 SMT-D

H.B. 2684  
By: Metcalf et al. (Nichols)  
Finance  
5/3/2019  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

This issue was brought to our attention by the Montgomery County Fair Association and is supported and has received no opposition.

Under current law, a charity organization has its own sales tax exemption when it makes a purchase for its organization. However, that exemption does not include any sales made by a charity organization to a non-exempt person or entity. H.B. 2684 solves this issue by ensuring that sales from a charity organization at a county fair to someone participating in or attending the fair are tax exempt and not increasing the overhead cost of operation.

H.B. 2684 amends current law relating to an exemption from the sales tax for items sold by a nonprofit organization at a county fair.

### **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 Subchapter H, Chapter 151, Tax Code, by adding Section 151.3102, as follows:

Sec. 151.3102. SALE BY NONPROFIT ORGANIZATION AT COUNTY FAIR. Provides that the sale of a taxable item is exempt from the taxes imposed by this chapter (Limited Sales, Excise, and Use Tax) if:

- (1) the seller or retailer is a nonprofit organization that is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, by being listed as an exempt organization in Section 501(c)(3) of that code;
- (2) the sale takes place at a county fair; and
- (3) the purchaser is a person attending or participating in the fair.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2019.