

BILL ANALYSIS

C.S.H.B. 3799
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Recent legislation enacted by the 86th Legislature exempted sales made by certain 501(c)(3) tax-exempt organizations at county fairs from the sales and use tax in efforts to reduce costs of compliance. The previous requirement for these tax-exempt organizations to collect sales and use taxes was a significant burden and hurdle to their operations, even if the organization itself was exempt from paying sales and use tax. This was a particular concern to organizations that operated in county fairs where local sales taxes also had to be considered from jurisdiction to jurisdiction. C.S.H.B. 3799 seeks to address this issue by clarifying the definition of "county fair association" in relation to the sales and use tax exemption for certain sales at a county fair.

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. 3799 amends the Tax Code to limit the sales and use tax exemption for items sold by a nonprofit organization at a county fair to items sold at a county fair operated by a county fair association on property owned by the county. The bill defines "county fair association" as an organization that is exempt from federal income taxation by being listed as a Section 501(c)(3) organization under federal law and that organizes a county fair that is primarily for the exhibition of local horticultural or agricultural products or livestock. The term does not include an association that holds a license under the Texas Racing Act issued after January 1, 2001, or an association that organizes events other than a county fair, including an exhibition of arts and crafts or a state fair.

EFFECTIVE DATE

October 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3799 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 changes the location at which the sales and use tax exemption applies from property owned by the county fair association to property owned by the county.