

BILL ANALYSIS

H.B. 2844
By: Raney
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties note that when vendors lease tangible property to full service event companies, such as a catering company, the full service event company pays a sales tax on that tangible property. When using said property for an event, the full service event company then charges customers sales tax for the same tangible property on which the previous tax was paid. The parties contend that this constitutes double taxation requiring customers to pay sales tax on the same tangible property twice. H.B. 2844 seeks to remedy this situation.

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

H.B. 2844 amends the Tax Code to specify that a sale for resale for purposes of the Limited Sales, Excise, and Use Tax Act includes the lease or rental of reusable tangible personal property to a full service event business if the full service event business uses the property in a sale of a taxable item. The bill defines "full service event business" as a person engaged in the business of preparing and serving meals, drinks, or other food products for events held at locations designated by customers who also provides at least one of the following for those events: staff, rentals of tangible personal property, design elements, or floral items.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.