

CHAPTER 778

H.B. No. 1718

AN ACT

relating to exempting from the franchise tax certain corporations whose only business in this state is the solicitation of orders at trade shows.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subchapter B, Chapter 171, Tax Code, is amended by adding Section 171.084 to read as follows:

Sec. 171.084. EXEMPTION—CERTAIN TRADE SHOW PARTICIPANTS. (a) A corporation is exempted from the franchise tax if:

(1) the only business activity conducted by or on behalf of the corporation in this state is related to the solicitation of orders conducted by representatives of the corporation who:

(A) solicit orders of personal property to be sent outside this state for approval or rejection by the corporation and, if approved, to be filled by shipment or delivery from a point outside this state; or

(B) solicit orders in the name of or for the benefit of a customer or prospective customer of the corporation, if the orders are filled or intended to be filled by the customer or prospective customer of the corporation by making orders to the corporation described by Paragraph (A) of this subdivision; and

(2) the solicitation of orders is conducted on an occasional basis at trade shows:

(A) promoted by wholesale centers;

(B) promoted by nonprofit trade or professional associations for the purpose of facilitating the solicitation of orders from members of the trade or profession; or

(C) held at municipally or county-owned convention centers or meeting facilities.

(b) For purposes of this section, the solicitation of orders is conducted on an occasional basis only if the solicitation is conducted during not more than five periods during the business period of the corporation to which a tax report applies and if no single period during which solicitation is conducted is longer than 120 hours.

(c) In this section, "wholesale center" means a permanent wholesale facility that has permanent tenants and that promotes at least four national or regional trade shows in a calendar year.

SECTION 2. This Act takes effect May 1, 1988, and applies to the franchise tax reporting period beginning on that date.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 30, 1987, by a non-record vote; that the House refused to concur in Senate amendments to H.B. No. 1718 on May 25, 1987, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 1718 on June 1, 1987, by a non-record vote. Passed by the Senate, with amendments, on May 15, 1987, by a viva-voce vote; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 1718 on May 31, 1987, by a viva-voce vote.

Approved June 19, 1987.

Effective May 1, 1988.