

By: Sanford

H.B. No. 3573

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the exclusion of certain payment processing services
3 from the definition of "data processing service" for purposes of
4 sales and use taxes.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section [151.0035](#), Tax Code, is amended to read as
7 follows:

8 Sec. 151.0035. "DATA PROCESSING SERVICE". (a) "Data
9 processing service" includes word processing, data entry, data
10 retrieval, data search, information compilation, payroll and
11 business accounting data production, the performance of a
12 totalisator service with the use of computational equipment
13 required by Subtitle A-1, Title 13, Occupations Code (Texas Racing
14 Act), and other computerized data and information storage or
15 manipulation. "Data processing service" also includes the use of a
16 computer or computer time for data processing whether the
17 processing is performed by the provider of the computer or computer
18 time or by the purchaser or other beneficiary of the service.

19 (b) "Data processing service" does not include:

20 (1) the transcription of medical dictation by a
21 medical transcriptionist; or

22 (2) the processing of a payment made by credit card or
23 debit card.

24 (c) "Data storage," as used in this section, does not

1 include a classified advertisement, banner advertisement, vertical
2 advertisement, or link when the item is displayed on an Internet
3 website owned by another person.

4 SECTION 2. The changes in law made by this Act do not affect
5 tax liability accruing before the effective date of this Act. That
6 liability continues in effect as if this Act had not been enacted,
7 and the former law is continued in effect for the collection of
8 taxes due and for civil and criminal enforcement of the liability
9 for those taxes.

10 SECTION 3. This Act takes effect September 1, 2021.