

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 30, 2003

TO: Honorable Ron Wilson, Chair, House Committee on Ways & Means

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1964 by Oliveira (Relating to the sales tax on telecommunications services.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 151 of the Tax Code to specify that the entire charge for telecommunications services would be subject to sales tax if charges for taxable and nontaxable services were not separately stated on a customer's bill, unless the service provider could identify the nontaxable portion through books and records.

The bill would repeal Section 151.025(c), relating to providers of telecommunications services separating charges for taxable services from charges for nontaxable services on bills and invoices.

The bill would take effect July 1, 2003 upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect October 1, 2003.

Under current law, telecommunications service providers are required to state charges separately for taxable and nontaxable services on customer bills. This bill would eliminate that requirement. The entire charge for telecommunications services would be taxable if the service provider could not identify the nontaxable portion for bills that were not separately stated.

To the extent that service providers continue to separate charges for taxable services from charges for nontaxable services, there would be no significant impact to the state or local units of government. To the extent that service providers convert to the selling of bundled or packaged services, some taxable and some non-taxable, which would be identified on a customer's bill as a single line item, there would be a positive fiscal impact to the state and units of local government.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, SD, WP, SM