

By: Paxton

H.B. No. 2787

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from the sales tax for certain telecommunications equipment.

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

SECTION 1. Subchapter H, Chapter 151, Tax Code, is amended by adding Section 151.3186 to read as follows:

Sec. 151.3186. PROPERTY USED IN TELECOMMUNICATIONS. (a)

In this section, "telecommunications equipment" means machinery, equipment, and software used to send, receive, or store voice or data communications, and equipment used to enable, facilitate, maintain, or monitor that machinery, equipment, or software. The term includes:

(1) antennas, amplifiers, poles, wires, cables, rectifiers, duplexers, multiplexers, receivers, repeaters, transmitters, power equipment, modems, routers, and storage devices; and

(2) general central office switching equipment, including channel cards, frames, and cabinets.

(b) Telecommunications equipment is exempted from the taxes imposed by this chapter if the equipment is sold, leased, or rented to a provider of telecommunications services or used by a provider of telecommunications services.

SECTION 2. The change in law made by this Act does not affect taxes imposed before the effective date of this Act, and the

1 law in effect before the effective date of this Act is continued in
2 effect for purposes of the liability for and collection of those
3 taxes.

4 SECTION 3. This Act takes effect July 1, 2007, if it
5 receives a vote of two-thirds of all the members elected to each
6 house, as provided by Section 39, Article III, Texas Constitution.
7 If this Act does not receive the vote necessary for effect on that
8 date, this Act takes effect October 1, 2007.