

By: Oliveira

H.B. No. 3927

Substitute the following for H.B. No. 3927:

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C.S.H.B. No. 3927

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the computation of taxable margin for purposes of the
3 franchise tax by a taxable entity principally engaged in Internet
4 hosting.

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

6 SECTION 1. Section 171.0001, Tax Code, is amended by adding
7 Subdivision (9-a) to read as follows:

8 (9-a) "Internet hosting" means providing for
9 consideration to an unrelated user access over the Internet to
10 computer servers on which the users process the users' own data and
11 that are owned or leased and managed by the provider, and that are
12 located in a remote, secure data center that is owned or leased by
13 the provider. The term does not include telecommunications
14 services. For purposes of this subdivision, a computer server is
15 managed by the entity that provides, under contract with the user:

16 (A) the operating system license and
17 installation and maintenance for the server;

18 (B) redundant electric power for the server and
19 for the secure data center;

20 (C) redundant Internet access for the server; and

21 (D) hardware maintenance for the server.

22 SECTION 2. Section 171.106, Tax Code, is amended by adding
23 Subsections (g) and (h) to read as follows:

24 (g) For a taxable entity receiving more than 75 percent of

1 its total revenue from Internet hosting, a receipt from Internet
2 hosting is a receipt from business done in this state if the
3 customer to whom the service is provided is located in this state.
4 Except as provided by Subsection (h), this subsection takes effect
5 for reports due on or after January 1, 2015.

6 (h) On or before December 1 of each year, the comptroller
7 shall evaluate the statewide fiscal impact of the implementation of
8 Subsection (g). If after an evaluation the comptroller determines
9 that implementation of Subsection (g) will not have a negative
10 fiscal impact on this state, Subsection (g) takes effect for each
11 report originally due on or after January 1 of the year following
12 the year in which the comptroller makes that determination. This
13 subsection expires December 2, 2013.

14 SECTION 3. This Act applies only to a report originally due
15 on or after the effective date of this Act.

16 SECTION 4. This Act takes effect September 1, 2009.