

By: Villarreal

H.B. No. 3509

A BILL TO BE ENTITLED

AN ACT

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

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

SECTION 1. Section 171.0001, Tax Code, is amended by adding Subdivisions (9-a) and (9-b) to read as follows:

(9-a) The term "cloud computing service" means a service that enables convenient, on-demand network access to a shared pool of configurable computing resources (including networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or cloud computing service provider interaction. "Cloud computing service" does not include telecommunications services and does not include the act of hosting computing resources dedicated to a single purchaser.

(9-b) The term "cloud computing service provider" means a person that offers a cloud computing service to a third party.

SECTION 2. Section 171.106, Tax Code, is amended by adding Subsection (g) to read as follows:

(g) A receipt from cloud computing services is a receipt from business done in this state if the customer to whom the service is provided is located in this state.

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

3 SECTION 4. This Act takes effect September 1, 2011.