BILL ANALYSIS

H.B. 2126
By: Button
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

According to interested parties, a retailer or wholesaler engaged in the sale of telephone prepaid calling cards may be disqualified for the lower franchise tax rate for retailers and wholesalers based on an interpretation that the sale of such cards constitutes the provision of telecommunications services. H.B. 2126 seeks to address this issue by clarifying that the provision of telecommunications services does not include selling telephone prepaid calling cards for purposes of franchise tax liability.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2126 amends the Tax Code to clarify that, for purposes of determining the franchise tax rate applicable to a taxable entity that is primarily engaged in retail or wholesale trade but does not provide retail or wholesale utilities, including telecommunications services, the provision of telecommunications services does not include selling telephone prepaid calling cards.

EFFECTIVE DATE

January 1, 2018.