

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 9, 2017**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Finance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB2126** by Button (Relating to the franchise tax rate applicable to certain taxable entities that sell telephone prepaid calling cards.), **As Engrossed**

<p><b>No fiscal implication to the State is anticipated.</b></p>
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The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by adding a subsection stating that the provision of telecommunications services does not include selling telephone prepaid calling cards. In order for a taxable entity to be eligible for the reduced tax rate for being primarily engaged in wholesale and retail trade the entity may not provide retail or wholesale utilities including telecommunications services.

The Comptroller's position is that selling prepaid calling cards is not selling telecommunications services. Therefore the bill would have no effect on franchise tax liability and no fiscal impact to the state.

The bill would take effect January 1, 2018.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD