87R1081 SMT-D

By:  Perry S.B. No. 153

A BILL TO BE ENTITLED

AN ACT

relating to the exclusion of certain payment processing services from the definition of "data processing service" for purposes of sales and use taxes.

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

SECTION 1.  Section 151.0035, Tax Code, is amended to read as follows:

Sec. 151.0035.  "DATA PROCESSING SERVICE". (a) "Data processing service" includes word processing, data entry, data retrieval, data search, information compilation, payroll and business accounting data production, the performance of a totalisator service with the use of computational equipment required by Subtitle A-1, Title 13, Occupations Code (Texas Racing Act), and other computerized data and information storage or manipulation. "Data processing service" also includes the use of a computer or computer time for data processing whether the processing is performed by the provider of the computer or computer time or by the purchaser or other beneficiary of the service.

(b)  "Data processing service" does not include:

(1)  the transcription of medical dictation by a medical transcriptionist; or

(2)  the processing of a payment made by credit card or debit card.

(c)  "Data storage," as used in this section, does not include a classified advertisement, banner advertisement, vertical advertisement, or link when the item is displayed on an Internet website owned by another person.

SECTION 2.  The changes in law made by this Act do not affect tax liability accruing before the effective date of this Act. That liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 3.  This Act takes effect September 1, 2021.