

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 7, 2021

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB153 by Perry (relating to the exclusion of certain payment processing services from the definition of "data processing service" for purposes of sales and use taxes.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Section 151.0035 of the Tax Code to exclude certain payment processing services from the definition of “data processing service” and provide definitions of terms associated with payment processing services, resulting in charges for these services being exempt from the sales and use tax. This would include services exclusively used to encrypt electronic payment information for acceptance onto a payment card network and settling of electronic payment transaction by a downstream payment processor or point of sale payment processor that routes electronic payment information.

The bill would not affect tax liability accruing prior to October 1, 2021. The bill would take effect October 1, 2021.

The bill provisions would apply exclusively to the fees charged to process and fund credit payments by banks, networks, and end card processing companies, and would have no significant fiscal impact on the state.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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