

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 11, 2021**

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

**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.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds for SB153, As Introduced :** a negative impact of (\$19,280,000) through the biennium ending August 31, 2023.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	(\$8,960,000)
2023	(\$10,320,000)
2024	(\$10,910,000)
2025	(\$11,520,000)
2026	(\$12,170,000)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Revenue (Loss) from General Revenue Fund 1</b>	<b>Probable Revenue (Loss) from Cities</b>	<b>Probable Revenue (Loss) from Transit Authorities</b>	<b>Probable Revenue (Loss) from Counties &amp; Special Districts</b>
2022	(\$8,960,000)	(\$1,640,000)	(\$550,000)	(\$360,000)
2023	(\$10,320,000)	(\$1,890,000)	(\$640,000)	(\$410,000)
2024	(\$10,910,000)	(\$2,000,000)	(\$670,000)	(\$440,000)
2025	(\$11,520,000)	(\$2,110,000)	(\$710,000)	(\$460,000)
2026	(\$12,170,000)	(\$2,230,000)	(\$750,000)	(\$490,000)

**Fiscal Analysis**

The bill would amend Section 151.0035 of the Tax Code to exclude certain payment processing services, including the processing of a payment made by credit card or debit card, from the definition of “data processing service,” with the result that charges for such payment processing would be exempt from the sales and use tax.

The bill would not affect tax liability accruing prior to September 1, 2021.

The bill would take effect September 1, 2021.

**Methodology**

The Comptroller estimate of tax revenue loss is based on data for sales tax remittances from payments processing service providers, extrapolated through 2026 and adjusted for the effective date of the bill.

**Local Government Impact**

There would be a corresponding loss of sales and use tax revenue from units of local government.

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

**LBB Staff:** JMc, KK, SD