

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 23, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB5070 by Button (Relating to the exclusion of services provided by a marketplace provider from the definition of data processing services.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB5070, As Introduced : a negative impact of (\$47,700,000) through the biennium ending August 31, 2025.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	(\$20,830,000)
2025	(\$26,870,000)
2026	(\$28,920,000)
2027	(\$31,140,000)
2028	(\$33,380,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>General Revenue Fund 1</i>	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties & Special Districts</i>
2024	(\$20,830,000)	(\$3,820,000)	(\$1,270,000)	(\$870,000)
2025	(\$26,870,000)	(\$4,930,000)	(\$1,640,000)	(\$1,120,000)
2026	(\$28,920,000)	(\$5,310,000)	(\$1,760,000)	(\$1,200,000)
2027	(\$31,140,000)	(\$5,710,000)	(\$1,900,000)	(\$1,300,000)
2028	(\$33,380,000)	(\$6,130,000)	(\$2,030,000)	(\$1,390,000)

Fiscal Analysis

The bill would amend Section 151.0035 of the Tax Code to exclude services provided by marketplace providers in relation to processing a sale or payment for a marketplace seller from the definition of a data processing service.

The bill would take effect October 1, 2023, and would only apply to tax liabilities after that date.

Methodology

Data on the various fees charged by marketplace providers, total sales made on marketplace platforms, and sales tax remitted by marketplace providers was used to estimate the amount of taxable data processing services

that are currently performed by marketplace providers on behalf of marketplace sellers located in Texas.

Local Government Impact

Fiscal implications for units of local government were estimated proportionally.

Source Agencies: 304 Comptroller of Public Accounts

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