

By: Craddick, Martinez

H.B. No. 2825

Substitute the following for H.B. No. 2825:

By: Bernal

C.S.H.B. No. 2825

A BILL TO BE ENTITLED

AN ACT

relating to sales and use tax rates and refunds for certain tangible personal property used to provide cable television services, Internet access services, or telecommunications services; reducing the rate of the state sales and use tax applicable to certain taxable items.

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

SECTION 1. Effective January 1, 2028, Subchapter H, Chapter 151, Tax Code, is amended by adding Section 151.3187 to read as follows:

Sec. 151.3187. PROPERTY USED IN CABLE TELEVISION, INTERNET ACCESS, OR TELECOMMUNICATIONS SERVICES. (a) In this section, "provider" means a provider of cable television service, Internet access service, or telecommunications services.

(b) Notwithstanding Sections 151.051 and 151.101 and except as provided by Subsection (c), the rate of the tax imposed under this chapter on the sale, lease, or rental or storage, use, or other consumption of tangible personal property is four percent if:

(1) the property is sold, leased, or rented to or stored, used, or consumed by a provider or a subsidiary of a provider; and

(2) the property is directly used or consumed by the provider or subsidiary described by Subdivision (1) in or during:

(A) the distribution of cable television

1 service;

2 (B) the provision of Internet access service; or

3 (C) the transmission, conveyance, routing, or  
4 reception of telecommunications services.

5 (c) This section does not apply to:

6 (1) the sale, lease, or rental or storage, use, or  
7 other consumption of tangible personal property directly used or  
8 consumed in or during the provision, creation, or production of a  
9 data processing service or information service; or

10 (2) a tax authorized or imposed under Subtitle C,  
11 Title 3.

12 (d) The comptroller shall adopt rules to implement this  
13 section, including rules providing for a partial refund of any  
14 amount of tax imposed at the rate provided by Subsection (b) but  
15 collected at the rate provided by Section 151.051(b).

16 SECTION 2. Section 151.3186, Tax Code, is repealed.

17 SECTION 3. (a) The repeal of Section 151.3186, Tax Code, by  
18 this Act does not affect a refund:

19 (1) to which a taxpayer became entitled before the  
20 effective date of this Act; and

21 (2) for which a taxpayer timely filed a claim with the  
22 comptroller of public accounts on or before March 31, 2027.

23 (b) Except as provided by Subsection (a) of this section,  
24 the change in law made by this Act does not affect tax liability  
25 accruing before the effective date of this Act. That liability  
26 continues in effect as if this Act had not been enacted, and the  
27 former law is continued in effect for the collection of taxes due

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1 and for civil and criminal enforcement of the liability for those  
2 taxes.

3 SECTION 4. Except as otherwise provided by this Act, this  
4 Act takes effect January 1, 2027.