

By: Craddick

H.B. No. 2825

A BILL TO BE ENTITLED

AN ACT

relating to sales and use tax exemptions and refunds for certain tangible personal property used to provide cable television services, Internet access services, or telecommunications services.

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

SECTION 1. 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) Except as provided by Subsection (c), the sale, lease, or rental or storage, use, or other consumption of tangible personal property is exempted from the taxes imposed by this chapter 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 service;

(B) the provision of Internet access service; or

1 (C) the transmission, conveyance, routing, or
2 reception of telecommunications services.

3 (c) The exemption provided by this section does not apply
4 to:

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

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

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 Section 151.3186, Tax Code, is repealed.

12 SECTION 3. (a) The repeal of Section 151.3186, Tax Code, by
13 this Act does not affect a refund for which a taxpayer:

14 (1) became entitled to the refund before the effective
15 date of this Act; and

16 (2) timely filed a claim for the refund with the
17 comptroller of public accounts on or before March 31, 2026.

18 (b) Except as provided by Subsection (a) of this section,
19 the change in law made by this Act does not affect tax liability
20 accruing before the effective date of this Act. That liability
21 continues in effect as if this Act had not been enacted, and the
22 former law is continued in effect for the collection of taxes due
23 and for civil and criminal enforcement of the liability for those
24 taxes.

25 SECTION 4. This Act takes effect January 1, 2026.