

BILL ANALYSIS

Senate Research Center

S.B. 1934
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Finance
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As Filed

DIGEST

Currently, telephone prepaid calling cards are to be taxed on the retail price. Collection of taxes on prepaid calling cards makes the collection and audit process difficult for the comptroller. This bill will tax prepaid calling cards on the retail value at the point of sale to the end user.

PURPOSE

As proposed, S.B. 1934 will tax prepaid calling cards on the retail value at the point of sale to the end user.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 151A, Tax Code, by adding Section 151.0037, as follows:

Sec. 151.0037. TELEPHONE PREPAID CALLING CARD. Defines "telephone prepaid calling card" as a card or other item, including an access code, that represents the right to make one or more telephone calls for which payment is made in incremental amounts before the call is initiated.

SECTION 2. Amends Section 151.009, Tax Code, to redefine "tangible personal property" as a prepaid calling card, among other items.

SECTION 3. Amends Section 151.0103, Tax Code, to redefine "telecommunications services," to provide that the term does not include, among other items, the sale or use of a telephone prepaid calling card, which is considered to be a sale or use of tangible personal property. Makes conforming changes.

SECTION 4. (a) Effective date: First day of the first calendar quarter beginning on or after the earliest date that it may take effect under Section 39, Article III, Texas Constitution.

(b) Makes application of this Act prospective.

SECTION 5. Emergency clause.