

BILL ANALYSIS

Senate Research Center
80R6718 CBH-D

H.B. 1459
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Since 1985, the Texas payphone industry has paid state sales tax on its revenue from coins. Other telecommunications providers pay sales tax, too, but pass the tax on to their customers on the customers' monthly bills. Because payphone providers do not send their customers a bill, these business owners must absorb the cost.

With the recent passage of the gross margins tax, payphone providers now have another tax they must absorb. While other businesses also pay the new one percent tax, they, again, may add that business cost to the price they charge their customers--an option payphone providers are unable to choose. The cumulative impact of these two, non-transferable taxes makes it increasingly difficult for the small business owners who provide a much-needed method of telecommunication to maintain their current levels of service. While the majority of Texans no longer rely on payphones, many still do, including people who find themselves in an emergency and, for any number of reasons, have no immediate access to any other type of telecommunication.

H.B. 1459 provides that payphone providers will be assessed sales tax on their use of the telecommunications lines with which they provide service to their customers, rather than paying sales tax on their coin revenue.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.0103, Tax Code, as follows:

Sec. 151.0103. TELECOMMUNICATIONS SERVICES. (a) Creates this subsection from existing text. Redefines "telecommunications services."

(b) Provides that the exemption provided by Subsection (a)(4) applies only to the portion of the sales price of the telecommunications service that is paid by coin.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2007.