

By _____

____.B. No. ____

A BILL TO BE ENTITLED

1 AN ACT

2 relating to qualification for retail and wholesale tax rates
3 for a retailer or wholesaler that sells prepaid calling
4 cards.

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

6 SECTION 1. Section 171.002(c), Tax Code, is amended to
7 read as follows:

8 (c) A taxable entity is primarily engaged in retail
9 or wholesale trade only if:

10 (1) the total revenue from its activities in
11 retail or wholesale trade is greater than the total revenue
12 from its activities in trades other than the retail and
13 wholesale trades;

14 (2) except as provided by Subsection (c-1), less
15 than 50 percent of the total revenue from activities in
16 retail or wholesale trade comes from the sale of products it
17 produces or products produced by an entity that is part of an
18 affiliated group to which the taxable entity also belongs;
19 and

20 (3) the taxable entity does not provide retail or
21 wholesale utilities, including telecommunications services,
22 electricity, or gas. For the purposes of this subsection,
23 telecommunications services do not include selling prepaid
24 calling cards.

1 SECTION 2. This Act applies only to a report originally
2 due on or after the effective date of this Act.

3 SECTION 3. This Act takes effect January 1, 2018.

DRAFT