



EXECUTIVE ORDER

DH-2026-02

ELIMINATING THE SALES TAX ON ELECTRONIC MEDICAL RECORDS AND HEALTH CARE TECHNOLOGY SYSTEMS

WHEREAS, the Comptroller of Public Accounts is the chief tax collector of the State of Texas and has a duty to administer the tax laws fairly, consistently, and within the bounds of the authority granted by the Legislature; and

WHEREAS, the Taxpayer First Project was established to bring fairness, transparency, consistency, and respect to how Texas collects taxes; and

WHEREAS, the Legislature imposed the sales tax on data processing services in 1987, for a world of mainframes and data-entry workers, and not for the cloud-based systems that doctors and patients rely on today; and

WHEREAS, technology that stores, maintains, or shares medical records has been treated as a taxable "information service" under Rule 3.342 or, alternatively, as a taxable data processing service, and Texans have been charged sales tax simply for accessing their own medical information; and

WHEREAS, physicians have reported that they are being charged sales tax to access the electronic medical records of their own patients, a cost that is passed through the health care system and increases the cost of care for every Texan; and

WHEREAS, information maintained in an electronic health record or electronic medical record system is gathered on behalf of a particular client and is proprietary to that client, and the sale of such information is not a taxable information service under the existing structure of Rule 3.342; and

WHEREAS, a Comptroller does not have authority to create new taxes through rulemaking or interpretation;

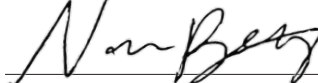
NOW, THEREFORE, I, Don Huffines, Comptroller of Public Accounts of the State of Texas, by the authority vested in me by the Constitution and laws of the State of Texas, including Tax Code, §111.002, do hereby order the following:

1. Publication of Proposed Rule. The General Counsel and Associate Deputy Comptroller shall file with the Texas Secretary of State, for publication in the Texas Register, a proposed amendment to Rule 3.342, 34 Texas Administrative Code §3.342, concerning information services, without delay.
2. Content of Proposed Amendment. The proposed amendment shall provide that charges for electronic health record systems, electronic medical record systems, patient portals, and other health care technology systems used to maintain, access, or share medical records are neither taxable information services nor taxable data processing services.
3. Public Comment. The proposed amendment shall be followed by a public comment period of not less than 30 days. The Comptroller's staff shall receive, review, and consider all comments submitted by Texans, health care providers, and other interested parties.
4. Continued Review. The Associate Deputy Comptroller for Tax shall review Rule 3.330, related rules, and agency guidance for any conforming changes needed to ensure that medical records systems and related health care technology are treated consistently across the agency's rules, and shall report any recommended changes to me.
5. Rulemaking Process. The proposed amendment shall proceed through the rulemaking process required by Chapter 2001, Government Code, and this order shall be implemented consistent with that process.
6. Effective Date. This order is effective immediately and shall remain in effect until amended, rescinded, or superseded.

SIGNED AND ISSUED in Austin, Texas, this 6th day of October, 2026.


DON HUFFINES
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

ATTESTED:


Chief Clerk, Office of the Comptroller