Texas Data Processing Tax Will Crush Small Businesses

Texas small and medium-sized businesses (SMBs) use online marketplaces, such as Etsy, eBay, and Amazon, to reach consumers statewide, nationwide, and worldwide. The data processing tax on online marketplaces penalizes small business owners who rely on these services, ultimately increasing consumer prices and negatively impacting Texas's thriving digital economy.

A recent survey found that a majority of Texas voters oppose new or unfair taxes on small businesses, particularly those that would raise consumer prices and disadvantage in-state sellers.

Key findings show:

Texas voters oppose new taxes on small businesses and online sellers:

- 66% of voters shop online and prefer to buy from local or Texas-based sellers when given the option.
- 74% of voters believe that retail businesses, including online sellers, pass along taxes to consumers in the form of higher prices.
- After learning the data processing tax would raise prices for consumers, 71% of voters oppose it.

Texas voters oppose taxes that disadvantage in-state businesses:

- 65% of voters oppose the tax after learning it would apply only to Texas-based online sellers, putting them at a disadvantage compared to out-of-state competitors.

Texas voters support local businesses and candidates who protect them:

- 63% of voters would be less likely to support a candidate who supports this tax

Methodology:

- On behalf of The Connected Commerce Council (3C), RXN conducted an online survey of 400 Likely GOP Primary Voters in Texas from January 11-15, 2026. The margin of error is +/-4.9%.