

Amend **HB 3016** by striking all below the enacting clause and substituting the following:

SECTION 1. Section 23.12, Tax Code, is amended by adding Subsection (h) to read as follows:

(h) In this subsection, "drug supplies held in surplus" means drugs, as defined by Section 431.002(14), Health and Safety Code, that are owned by a person who holds a wholesale drug distributor license under Chapter 431, Health and Safety Code, other than a pharmaceutical drug manufacturer, retail pharmacy, or chain pharmacy, and that are held for less than 60 days for use in responding to terrorist attack, bioterrorism event, and catastrophic man-made or natural disasters, but only that percentage of the owner's inventory necessary to treat victims of terrorist attack, bioterrorism event, or catastrophic man-made or natural disasters by attending physicians or other emergency health care personnel. In determining the market value of drug supplies held in surplus, the chief appraiser shall exclude as economic obsolescence from the market value the value attributable to drug supplies held in surplus that exceed the amount of drugs held for normal market purposes. For rendition purposes, in calculating the number of days drug supplies held in surplus are held in an inventory, the owner shall quantify the average number of days of the owner's day-to-day working inventory (cycle stock) that the owner holds to meet normal customer demand and shall subtract that number of days from the average number of days the owner holds the owner's total drug inventory. When the owner renders the owner's total drug inventory, the owner shall include information sufficient to establish the validity of the owner's calculations under this subsection. Notwithstanding any other provision of this subsection, the percentage of an owner's drug supplies held in surplus inventory may not exceed 10 percent of the owner's total inventory of drugs as defined by Section 431.002(14), Health and Safety Code.

SECTION 2. This Act takes effect January 1, 2006.