

AN ACT

relating to the determination of the market value of certain drug supplies for ad valorem property tax purposes.

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

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

1 the owner's day-to-day working inventory (cycle stock) that the
2 owner holds to meet normal customer demand and shall subtract that
3 number of days from the average number of days the owner holds the
4 owner's total drug inventory. When the owner renders the owner's
5 total drug inventory, the owner shall include information
6 sufficient to establish the validity of the owner's calculations
7 under this subsection. Notwithstanding any other provision of this
8 subsection, the percentage of an owner's drug supplies held in
9 surplus inventory may not exceed 10 percent of the owner's total
10 inventory of drugs as defined by Section 431.002(14), Health and
11 Safety Code.

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

President of the Senate

Speaker of the House

I certify that H.B. No. 3016 was passed by the House on April 19, 2005, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 3016 on May 26, 2005, by a non-record vote.

Chief Clerk of the House

I certify that H.B. No. 3016 was passed by the Senate, with amendments, on May 24, 2005, by the following vote: Yeas 27, Nays 4.

Secretary of the Senate

APPROVED: _____

Date

Governor