

By: Hill

H.B. No. 3016

A BILL TO BE ENTITLED

AN ACT

relating to the treatment for ad valorem tax purposes of certain drugs and medicines located in this state for a temporary period.

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

SECTION 1. Section 11.01, Tax Code, is amended by adding Subsection (e) to read as follows:

(e) Tangible personal property consisting of drug supplies that are held in an inventory of a wholesale drug distributor and located in this state on January 1 for a temporary period are not taxable in this state. Drug supplies that are located in this state for less than 60 days are considered to be located in this state for a temporary period. In determining the number of days that drug supplies are held in an inventory of a wholesale drug distributor in this state and whether the drug supplies were transported out of that inventory within 60 days, the chief appraiser and the wholesale drug distributor shall rely on information that shows the average number of days that drug supplies were held in the inventory of the wholesale drug distributor during the preceding tax year. In this subsection:

(1) "Drug supplies" means products that are described by Section 151.313(c) as drugs or medicines for purposes of Section 151.313.

(2) "Wholesale drug distributor" means a person who holds a license as a wholesale drug distributor under Subchapter I,

1 Chapter 431, Health and Safety Code.

2 SECTION 2. Section 22.01, Tax Code, is amended by adding
3 Subsection (k) to read as follows:

4 (k) Subsections (a) and (b) do not apply to drug supplies
5 covered by Section 11.01(e).

6 SECTION 3. This Act applies only to ad valorem taxes imposed
7 for a tax year beginning on or after the effective date of this Act.

8 SECTION 4. This Act takes effect January 1, 2006.