

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION
Revision 1

April 13, 2005

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB3016 by Hill (Relating to the determination of the market value of certain drug supplies for ad valorem property tax purposes.), **Committee Report 1st House, Substituted**

Since the bill would exclude certain inventory from the market value for ad valorem property tax purposes of certain wholesale drug distributors, taxable property values would decrease.

The bill would exclude from market value of inventory excess drug supplies held in surplus for response to public health demands, emergency treatment or similar health care needs by certain wholesale drug distributors.

Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. Passage of this bill would reduce school district taxable values reported to the Commissioner of Education by the Comptroller. Since the bill would exclude certain inventory of certain wholesale drug distributors, taxable property values would decrease.

Local Government Impact

Taxing units that currently tax personal property inventories excluded by this proposal would experience a revenue loss as a result of passage of the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, WP, DLBe