

## **BILL ANALYSIS**

Senate Research Center  
80R1683 CBH-D

S.B. 865  
By: Watson  
Finance  
3/19/2007  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Pharmaceutical biotechnology cleanrooms provide the necessary environment to help control quality in the manufacturing of pharmaceutical products. Currently, the State of Texas extends a sales and use tax exemption for semiconductor fabrication cleanrooms, but pharmaceutical biotechnology cleanrooms only receive those exemptions based on certain requirements of facility value and the period of time in which the facility was built. Removal of these requirements may aid the state in facilitating growth in the biotechnology industry, already employing 78,900 people in Texas, help to retain those emerging life science businesses, and further encourage the commercialization of new technologies and therapies.

As proposed, S.B. 865 provides a sales and use tax exemption for pharmaceutical biotechnology cleanrooms built as part of the construction of a new facility and eliminates the requirement that the new facility be valued at \$150 million or greater.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 151.318(b), Tax Code, as follows:

(b) Deletes existing text requiring a new facility, in the process of construction and in which pharmaceutical biotechnology cleanrooms and equipment are being installed, to have a value of at least \$150 million and a beginning date of construction before August 31, 2004, for the cleanrooms and equipment to qualify for a tax exemption from certain sales and use taxes.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: July 1, 2007, or September 1, 2007.