

BILL ANALYSIS

Senate Research Center
83R1177 ADM-F

H.B. 1310
By: Button et al. (Paxton)
Finance
5/2/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, physicians can deduct either compensation or the cost of goods sold in computing their franchise tax liability. Interested parties note that, like most service industry businesses, physicians elect to deduct compensation expenses and pay a one percent tax on all other costs, including the purchase of vaccines. These parties assert that, as a result, the franchise tax burden on physicians who provide vaccines to their patients is significant because their businesses are actually a combination of physician services and vaccination sales. It is reported that, based on the current franchise tax structure, a physician typically loses money with every administration of a vaccine. H.B. 1310 seeks to lessen this burden by allowing a physician practice, in calculating its franchise tax liability, to exclude from its total revenue the actual cost paid for a vaccine.

H.B. 1310 amends current law relating to the exclusion from total revenue of the cost of certain vaccines for purposes of the franchise tax.

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 171.1011(p), Tax Code, by amending Subdivision (4-a) and adding Subdivisions (4-b) and (8), as follows:

(4-a) Defines "physician practice" to mean an entity that is owned entirely by one or more individuals licensed to practice medicine in this state under Subtitle B (Physicians), Title 3 (Health Professions), Occupations Code, and offers services, the provision of which is considered practicing medicine as defined by Section 151.002(a)(13) (defining "practicing medicine"), Occupations Code.

(4-b) Creates this subsection from existing text makes no further change to this subsection.

(8) Defines "vaccine" to mean a preparation or suspension of dead, live attenuated, or live fully virulent viruses or bacteria, or of antigenic proteins derived from them, used to prevent, ameliorate, or treat an infectious disease.

SECTION 2. Amends Section 171.1011, Tax Code, by adding Subsection (u), to require a taxable entity that is a physician practice to exclude from its total revenue the actual cost paid by the taxable entity for a vaccine.

SECTION 3. Provides that this Act applies only to a report originally due on or after the effective date of this Act.

SECTION 4. Effective date: January 1, 2014.