

By: N. Gonzalez of El Paso

H.B. No. 1623

A BILL TO BE ENTITLED

1 AN ACT

2 relating to a sales and use tax exemption for certain property and  
3 services used in research and development activities by a  
4 qualifying biotechnology start-up.

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

6 SECTION 1. Subchapter H, Chapter 151, Tax Code, is amended  
7 by adding Section 151.3183 to read as follows:

8 Sec. 151.3183. CERTAIN PROPERTY AND SERVICES USED IN  
9 RESEARCH AND DEVELOPMENT ACTIVITIES BY A QUALIFYING BIOTECHNOLOGY  
10 START-UP. (a) In this section:

11 (1) "Internal Revenue Code" means the Internal Revenue  
12 Code of 1986 in effect on December 31, 2011, excluding any changes  
13 made by federal law after that date, but including any regulations  
14 adopted under that code applicable to the tax year to which the  
15 provisions of the code in effect on that date applied.

16 (2) "Qualified research" and "qualified service" have  
17 the meanings assigned by Section 41, Internal Revenue Code.

18 (3) "Qualifying biotechnology start-up" means a  
19 start-up business:

20 (A) located in this state on or after September  
21 1, 2013; and

22 (B) engaged primarily in the study of biological  
23 systems to develop products or processes for a specific use.

24 (b) The sale, storage, use, or other consumption of tangible

1 personal property directly used or consumed in qualified research  
2 or of qualified services is exempted from the taxes imposed by this  
3 chapter if the property or services are sold, leased, or rented to,  
4 or stored, used, or consumed by, a qualifying biotechnology  
5 start-up engaged in qualified research.

6 SECTION 2. Section 151.3183, Tax Code, as added by this Act,  
7 does not affect tax liability accruing before the effective date of  
8 this Act. That liability continues in effect as if this Act had not  
9 been enacted, and the former law is continued in effect for the  
10 collection of taxes due and for civil and criminal enforcement of  
11 the liability for those taxes.

12 SECTION 3. This Act takes effect October 1, 2013.