

## **BILL ANALYSIS**

C.S.H.B. 633  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Certain medical devices and supplies, interested parties note, are currently exempted from the sales and use tax when purchased for use by a medical practice but not when they are purchased for use by a veterinary clinic, despite both entities not being required to charge sales and use tax for their services. C.S.H.B. 633 seeks to create uniformity in the tax structure as it relates to the sales and use tax exemption for certain health care supplies.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 633 amends the Tax Code to include a veterinarian as a licensed practitioner of the healing arts who may prescribe or dispense a drug or medicine, other than insulin, for an animal for the drug or medicine to be eligible for the sales tax exemption for certain health care supplies. The bill specifies that a therapeutic appliance, device, and any related supplies specifically designed for those products is eligible for the exemption if dispensed or prescribed for a human or animal and includes a veterinarian as a licensed practitioner of the healing arts who may dispense or prescribe such items for the items to be eligible for the exemption. The bill makes such items eligible for the exemption if purchased and used by an owner or caretaker of an animal for which the items were dispensed or prescribed.

C.S.H.B. 633 makes intravenous systems, supplies, and replacement parts designed or intended to be used in the diagnosis or treatment of animals eligible for the exemption. The bill clarifies that a product is a drug or medicine for purposes of the exemption if, in addition to meeting other applicable criteria, the product is prescribed or dispensed by a veterinarian and is applied to the body of an animal or is a product that an animal is intended to ingest or inhale.

### **EFFECTIVE DATE**

September 1, 2015.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 633 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences

between the introduced and committee substitute versions of the bill.

#### INTRODUCED

SECTION 1. Sections 151.313(a), (c), and (e), Tax Code, are amended to read as follows:

(a) The following items are exempted from the taxes imposed by this chapter, whether used for a human or, if applicable, an animal:

(1) a drug or medicine, other than insulin, if prescribed or dispensed ~~[for a human or animal]~~ by a licensed practitioner of the healing arts, including a veterinarian;

(2) insulin;

(3) a drug or medicine that is required to be labeled with a "Drug Facts" panel in accordance with regulations of the federal Food and Drug Administration, without regard to whether it is prescribed or dispensed by a licensed practitioner of the healing arts;

(4) a hypodermic syringe or needle;

(5) a brace; hearing aid or audio loop; orthopedic, dental, or prosthetic device; ileostomy, colostomy, or ileal bladder appliance; or supplies or replacement parts for the listed items;

(6) a therapeutic appliance, device, and any related supplies specifically designed for those products, if dispensed or prescribed by a licensed practitioner of the healing arts, including a veterinarian, when those items are purchased and used by:

(A) an individual for whom the items listed in this subdivision were dispensed or prescribed; or

(B) an owner or caretaker of an animal for which the items listed in this subdivision were dispensed or prescribed;

(7) corrective lens and necessary and related supplies, if dispensed or prescribed by an ophthalmologist or optometrist;

(8) specialized printing or signalling equipment used by the deaf for the purpose of enabling the deaf to communicate through the use of an ordinary telephone and all materials, paper, and printing ribbons used in that equipment;

(9) a braille wristwatch, braille writer, braille paper and braille electronic equipment that connects to computer equipment, and the necessary adaptive

#### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Sections 151.313(a), (c), and (e), Tax Code, are amended to read as follows:

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(1) a drug or medicine, other than insulin, if prescribed or dispensed for a human or animal by a licensed practitioner of the healing arts, including a veterinarian;

(2) insulin;

(3) a drug or medicine that is required to be labeled with a "Drug Facts" panel in accordance with regulations of the federal Food and Drug Administration, without regard to whether it is prescribed or dispensed by a licensed practitioner of the healing arts;

(4) a hypodermic syringe or needle;

(5) a brace; hearing aid or audio loop; orthopedic, dental, or prosthetic device; ileostomy, colostomy, or ileal bladder appliance; or supplies or replacement parts for the listed items;

(6) a therapeutic appliance, device, and any related supplies specifically designed for those products, if dispensed or prescribed for a human or animal by a licensed practitioner of the healing arts, including a veterinarian, when those items are purchased and used by:

(A) an individual for whom the items listed in this subdivision were dispensed or prescribed; or

(B) an owner or caretaker of an animal for which the items listed in this subdivision were dispensed or prescribed;

(7) corrective lens and necessary and related supplies, if dispensed or prescribed by an ophthalmologist or optometrist;

(8) specialized printing or signalling equipment used by the deaf for the purpose of enabling the deaf to communicate through the use of an ordinary telephone and all materials, paper, and printing ribbons used in that equipment;

(9) a braille wristwatch, braille writer, braille paper and braille electronic equipment that connects to computer equipment, and the necessary adaptive

devices and adaptive computer software;

(10) each of the following items if purchased for use by the blind to enable them to function more independently: a slate and stylus, print enlarger, light probe, magnifier, white cane, talking clock, large print terminal, talking terminal, or harness for guide dog;

(11) hospital beds;

(12) blood glucose monitoring test strips;

(13) an adjustable eating utensil used to facilitate independent eating if purchased for use by a person, including a person who is elderly, has a physical disability [~~or physically disabled~~], has had a stroke, or is a burn victim, who does not have full use or control of the person's hands or arms;

(14) subject to Subsection (d), a dietary supplement; and

(15) intravenous systems, supplies, and replacement parts designed or intended to be used in ~~the~~ diagnosis or treatment ~~of humans~~.

(c) A product is a drug or medicine for purposes of this section if the product:

(1) is intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease, illness, injury, or pain;

(2) is applied to the ~~human~~ body of a human or animal or is a product that a human or animal is intended to ingest [~~ingests~~] or inhale [~~inhales~~];

(3) is not an appliance or device; and

(4) is not food.

(e) A product is an intravenous system for purposes of this section if, regardless of whether the product is designed or intended to be inserted subcutaneously into any part of a human's or animal's ~~the~~ body, the product is designed or intended to be used to administer fluids, electrolytes, blood and blood products, or drugs [~~to patients~~] or to withdraw blood or fluids [~~from patients~~]. The term includes access ports, adapters, bags and bottles, cannulae, cassettes, catheters, clamps, connectors, drip chambers, extension sets, filters, in-line ports, luer locks, needles, poles, pumps and batteries, spikes, tubing, valves, volumetric chambers, and items designed or intended to connect qualifying products to one another or secure qualifying products to a patient

devices and adaptive computer software;

(10) each of the following items if purchased for use by the blind to enable them to function more independently: a slate and stylus, print enlarger, light probe, magnifier, white cane, talking clock, large print terminal, talking terminal, or harness for guide dog;

(11) hospital beds;

(12) blood glucose monitoring test strips;

(13) an adjustable eating utensil used to facilitate independent eating if purchased for use by a person, including a person who is elderly, has a physical disability [~~or physically disabled~~], has had a stroke, or is a burn victim, who does not have full use or control of the person's hands or arms;

(14) subject to Subsection (d), a dietary supplement; and

(15) intravenous systems, supplies, and replacement parts designed or intended to be used in the diagnosis or treatment of humans or animals.

(c) A product is a drug or medicine for purposes of this section if the product:

(1) is intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease, illness, injury, or pain;

(2) is:

(A) applied to the human body or is a product that a human ingests or inhales; or

(B) prescribed or dispensed by a veterinarian and is applied to the body of an animal or is a product that an animal is intended to ingest or inhale;

(3) is not an appliance or device; and

(4) is not food.

(e) A product is an intravenous system for purposes of this section if, regardless of whether the product is designed or intended to be inserted subcutaneously into any part of a human's or animal's ~~the~~ body, the product is designed or intended to be used to administer fluids, electrolytes, blood and blood products, or drugs [~~to patients~~] or to withdraw blood or fluids [~~from patients~~]. The term includes access ports, adapters, bags and bottles, cannulae, cassettes, catheters, clamps, connectors, drip chambers, extension sets, filters, in-line ports, luer locks, needles, poles, pumps and batteries, spikes, tubing, valves, volumetric chambers, and items designed or intended to connect qualifying products to one another or secure qualifying products to a patient

who is a human or animal. The term does not include a wound drain.

SECTION 2. The changes in law made by this Act do not affect tax liability accruing before the effective date of this Act. That liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 3. This Act takes effect September 1, 2015.

who is a human or animal. The term does not include a wound drain.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.