

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 13, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB633 by Bonnen, Greg (Relating to a sales and use tax exemption for certain health care supplies.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB633, As Engrossed: a negative impact of (\$4,900,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$2,400,000)
2017	(\$2,500,000)
2018	(\$2,600,000)
2019	(\$2,700,000)
2020	(\$2,800,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Cities	Probable Revenue (Loss) from Transit Authorities	Probable Revenue (Loss) from Counties and Special Districts
2016	(\$2,400,000)	(\$400,000)	(\$200,000)	(\$100,000)
2017	(\$2,500,000)	(\$500,000)	(\$200,000)	(\$100,000)
2018	(\$2,600,000)	(\$500,000)	(\$200,000)	(\$100,000)
2019	(\$2,700,000)	(\$500,000)	(\$200,000)	(\$100,000)
2020	(\$2,800,000)	(\$500,000)	(\$200,000)	(\$100,000)

Fiscal Analysis

The bill would amend Section 151.313 of the Tax Code, to provide for the exemption of certain health care supplies from the sales and use tax.

Section 151.313(a)(6) would be amended to expand the exemption of therapeutic appliances, devices, and related supplies to apply to animals as well as humans; and Section 151.313(a)(15) would be amended to expand the exemption of certain intravenous systems, supplies, and related

replacement parts used for diagnosis or treatment to apply with respect to animals as well as humans.

The bill would take effect September 1, 2015.

Methodology

National expenditure data on pet care from the American Pet Products Association was apportioned to the state based on population, reduced to a portion to represent expenditures on therapeutic appliances, devices and supplies, then multiplied by the sales tax rate to estimate the applicable sales tax. The sales tax on certain veterinary supplies and equipment was estimated using Comptroller and census data.

Local Government Impact

There would be a corresponding loss of local sales and use tax revenue from local taxing jurisdictions. The losses are displayed in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD