

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**  
**Revision 1**

**April 23, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**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.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB633, Committee Report 1st House, Substituted: 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 <i>General Revenue Fund 1</i>	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties and Special Districts</i>
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