

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 23, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB3491 by Cole (Relating to a sales and use tax exemption for taxable items used to assist persons with an intellectual or developmental disability.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3491, As Introduced: a negative impact of (\$12,900,000) through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$6,300,000)
2021	(\$6,600,000)
2022	(\$6,900,000)
2023	(\$7,200,000)
2024	(\$7,500,000)

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>
2020	(\$6,300,000)	(\$1,170,000)	(\$400,000)	(\$240,000)
2021	(\$6,600,000)	(\$1,220,000)	(\$420,000)	(\$250,000)
2022	(\$6,900,000)	(\$1,280,000)	(\$440,000)	(\$260,000)
2023	(\$7,200,000)	(\$1,330,000)	(\$460,000)	(\$270,000)
2024	(\$7,500,000)	(\$1,390,000)	(\$480,000)	(\$280,000)

Fiscal Analysis

The bill would amend Chapter 151.313 of the Tax Code regarding the exemption of certain health care supplies from the sales and use tax.

Subsection (b-1) would be added to Section 151.313 to include items used to assist a person with an intellectual or developmental disability with daily living activities in the list of health care

items that are exempt from the sales and use tax.

The comptroller would be required by rule to identify assistive and adaptive technologies and related items that would become exempt, and determine the requirements for claiming the exemption of those items.

The bill would take effect September 1, 2019.

Methodology

Under current law most vision, hearing, and mobility items and services used by people with disabilities are already exempt from the sales and use tax, including but not limited to: telephones, smoke alarms, braille writer, paper and electronic equipment, hearing aids, prescription corrective lenses, wheelchairs, walkers, orthopedic devices and shoes, and adjustable eating utensils.

An intellectual or developmental disability (IDD) is defined in Texas as a usually permanent condition originating sometime between birth and age 18. The fiscal note assumes that individuals with a disability other than an intellectual or developmental disability such as the elderly or individuals with accident related disability may claim the exemption, as it would be difficult to establish a requirement for the exemption to differentiate between the type of disabilities.

Census data on annual sales of vision, hearing, and home health aids and equipment was used to estimate sales of assistive and adaptive technologies, reduced to omit sales currently exempt under Section 151.313 and non-taxable sales to entities such as schools and nonprofit organizations. The result was multiplied by the sales tax rate to estimate the applicable sales tax, and extrapolated through 2024.

Local Government Impact

There would be a proportional loss of sales and use tax revenue from units of local government.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD