

BILL ANALYSIS

S.B. 1122
By: Schwertner
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 2022, the comptroller of public accounts issued a formal ruling stating that charges for designated doctor exams ordered by the division of workers' compensation of the Texas Department of Insurance are subject to the state sales and use tax because they are an "insurance service." Generally, doctors do not collect sales tax for their services, so this unexpected ruling caused confusion for workers' compensation system participants. S.B. 1122 seeks to prevent these exams and other similar exams and services that determine the level of workers' compensation benefits from being considered taxable under the Limited Sales, Excise, and Use Tax Act by excluding them from the definition of "insurance services" under that act.

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

S.B. 1122 amends the Tax Code to exclude from the insurance services subject to the sales and use tax under the Limited Sales, Excise, and Use Tax Act a medical service, examination, or test required or authorized under the Texas Workers' Compensation Act for the purpose of determining the appropriate level of workers' compensation benefits. The bill expressly does not affect tax liability accruing before the bill's effective date.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.