

BILL ANALYSIS

S.B. 2289
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The current tax structure on medical and biomedical manufacturing inventories can discourage capital investment and expansion. Due in part to cost, much of the world's medical and biomedical manufacturing is located abroad. S.B. 2289 seeks to exempt from property taxation tangible personal property that is used or produced by medical and biomedical manufacturers.

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. 2289 amends the Tax Code to entitle a person to an exemption from property taxation of medical or biomedical property the person owns or leases that is located in a medical or biomedical manufacturing facility that the person owns or leases. For purposes of this exemption, the bill defines "medical or biomedical property" and "medical or biomedical manufacturing facility" as follows:

- "medical or biomedical property" as tangible personal property that is stored, used, or consumed in the manufacturing or processing of medical or biomedical products by a medical or biomedical manufacturer or that is intended for use in the diagnosis, cure, mitigation, treatment, or prevention of a condition or disease or in medical or biomedical research, including the invention, development, and dissemination of materials, tools, technologies, processes, and similar means for translating and applying medical and scientific research for practical applications to advance public health, including the following:
 - devices;
 - therapeutics;
 - pharmaceuticals;
 - personal protective equipment;
 - tools, apparatuses, instruments, implants, or other similar or related component parts or accessories;
 - property exempted as manufacturing property under the Limited Sales, Excise, and Use Tax Act; and
 - manufacturing inventories, including finished goods; and
- "medical or biomedical manufacturing facility" as a facility at which a person conducts manufacturing or processing of medical or biomedical products for the purpose of development and commercialization of products to advance public health.

The bill prohibits the governing body of a taxing unit from providing for taxation of exempted medical or biomedical property and includes this property tax exemption for medical or biomedical property among the exemptions that, once allowed, need not be claimed in subsequent years and among the exemptions for which a person may qualify on a pro-rated basis if the property was acquired after January 1 of a tax year.

S.B. 2289 applies only to a tax year that begins on or after the bill's effective date.

EFFECTIVE DATE

January 1, 2024, if the constitutional amendment to authorize the legislature to exempt from property taxation equipment or inventory held by a manufacturer of medical or biomedical products to protect the Texas healthcare network and strengthen our medical supply chain is approved by the voters.