

## **BILL ANALYSIS**

Senate Research Center  
88R7058 DRS-F

S.B. 2289  
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Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Some assert that the current tax structure on medical and biomedical manufacturing inventories discourages capital investment and expansion. Because of this, most of the medical and biomedical manufacturing is located abroad.

With the approval of Texas voters, this bill would exempt from ad valorem taxation tangible personal property that is used or produced by medical and biomedical manufacturers, such as medical devices, pharmaceuticals, and PPE.

As proposed, S.B. 2289 amends current law relating to the exemption from ad valorem taxation of certain tangible personal property held by a manufacturer of medical or biomedical products as a finished good or used in the manufacturing or processing of medical or biomedical products.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter B, Chapter 11, Tax Code, by adding Section 11.36, as follows:

Sec. 11.36. MEDICAL OR BIOMEDICAL PROPERTY. (a) Defines "medical or biomedical property" and "medical or biomedical manufacturing facility."

(b) Provides that a person is entitled to an exemption from 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.

(c) Prohibits the governing body of a taxing unit from providing for taxation of medical or biomedical property exempted under this section, notwithstanding Section 11.14(c) (relating to authorizing the governing body of a taxing unit to provide for taxation of tangible personal property exempted under certain circumstances).

SECTION 2. Amends Section 11.42(d), Tax Code, as follows:

(d) Authorizes a person who acquires property after January 1 of a tax year to receive an exemption authorized by certain sections, including Section 11.36, for the applicable portion of the tax year immediately on qualification for the exemption.

SECTION 3. Amends Section 11.43(c), Tax Code, as follows:

(c) Provides that an exemption provided by certain sections, including Section 11.36, once allowed, need not be claimed in subsequent years, and except as otherwise provided by Subsection (e) (relating to prohibiting a person from receiving an exemption for that year if a person required to apply for an exemption in a given year fails to file timely a

completed application form), the exemption applies to the property until it changes ownership or the person's qualification for the exemption changes.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2024, contingent upon approval by the voters of the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, to authorize the legislature to exempt from ad valorem taxation certain tangible personal property held by a manufacturer of medical or biomedical products as a finished good or used in the manufacturing or processing of medical or biomedical products.