

By: Huffman

S.B. No. 2289

A BILL TO BE ENTITLED

AN ACT

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.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.36 to read as follows:

Sec. 11.36. MEDICAL OR BIOMEDICAL PROPERTY. (a) In this section:

(1) "Medical or biomedical property" means tangible personal property that is:

(A) stored, used, or consumed in the manufacturing or processing of medical or biomedical products by a medical or biomedical manufacturer; or

(B) 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:

(i) devices;

(ii) therapeutics;

- 1 (iii) pharmaceuticals;
- 2 (iv) personal protective equipment;
- 3 (v) tools, apparatuses, instruments,
- 4 implants, or other similar or related component parts or
- 5 accessories;
- 6 (vi) property exempted under Section
- 7 151.318 from the taxes imposed by Chapter 151; and
- 8 (vii) manufacturing inventories, including
- 9 finished goods.

10 (2) "Medical or biomedical manufacturing facility"
11 means a facility at which a person conducts manufacturing or
12 processing of medical or biomedical products for the purpose of
13 development and commercialization of products to advance public
14 health.

15 (b) A person is entitled to an exemption from taxation of
16 medical or biomedical property the person owns or leases that is
17 located in a medical or biomedical manufacturing facility that the
18 person owns or leases.

19 (c) Notwithstanding Section 11.14(c), the governing body of
20 a taxing unit may not provide for taxation of medical or biomedical
21 property exempted under this section.

22 SECTION 2. Section 11.42(d), Tax Code, is amended to read as
23 follows:

24 (d) A person who acquires property after January 1 of a tax
25 year may receive an exemption authorized by Section 11.17, 11.18,
26 11.19, 11.20, 11.21, 11.23, 11.231, [~~or~~] 11.30, or 11.36 for the
27 applicable portion of that tax year immediately on qualification

1 for the exemption.

2 SECTION 3. Section 11.43(c), Tax Code, is amended to read as
3 follows:

4 (c) An exemption provided by Section 11.13, 11.131, 11.132,
5 11.133, 11.134, 11.17, 11.18, 11.182, 11.1827, 11.183, 11.19,
6 11.20, 11.21, 11.22, 11.23(a), (h), (j), (j-1), or (m), 11.231,
7 11.254, 11.27, 11.271, 11.29, 11.30, 11.31, 11.315, ~~or~~ 11.35, or
8 11.36, once allowed, need not be claimed in subsequent years, and
9 except as otherwise provided by Subsection (e), the exemption
10 applies to the property until it changes ownership or the person's
11 qualification for the exemption changes. However, except as
12 provided by Subsection (r), the chief appraiser may require a
13 person allowed one of the exemptions in a prior year to file a new
14 application to confirm the person's current qualification for the
15 exemption by delivering a written notice that a new application is
16 required, accompanied by an appropriate application form, to the
17 person previously allowed the exemption. If the person previously
18 allowed the exemption is 65 years of age or older, the chief
19 appraiser may not cancel the exemption due to the person's failure
20 to file the new application unless the chief appraiser complies
21 with the requirements of Subsection (q), if applicable.

22 SECTION 4. This Act applies only to a tax year that begins
23 on or after the effective date of this Act.

24 SECTION 5. This Act takes effect January 1, 2024, but only
25 if the constitutional amendment proposed by the 88th Legislature,
26 Regular Session, 2023, to authorize the legislature to exempt from
27 ad valorem taxation certain tangible personal property held by a

1 manufacturer of medical or biomedical products as a finished good
2 or used in the manufacturing or processing of medical or biomedical
3 products is approved by the voters. If that amendment is not
4 approved by the voters, this Act has no effect.