

BILL ANALYSIS

Senate Research Center
76R5684 DAK-D

S.B. 441
By: Ellis
Finance
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As Filed

DIGEST

Currently, Texas' sales tax, when combined with local tax, is among the highest in the nation. By eliminating the sales tax on certain necessary items, Texas can lessen the regressiveness of its sales tax. S.B. 441 would exempt medicine, diapers, medical or therapeutic appliances, devices, and any related supplies, and Internet access. S.B. 441 also would exempt taxes on articles of clothing or footwear worn by a person younger than 13 years of age up to \$500.

PURPOSE

As proposed, S.B. 441 provides information concerning exemptions from the sales tax.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.313(a), Tax Code, to exempt from taxes a drug or medicine, rather than insulin, a diaper, and a medical or therapeutic appliance, device, and any related supplies specifically designed for those products, other than a contraceptive unless the contraceptive is dispensed or prescribed by a licensed practitioner, rather than when those items are purchased and used by an individual for whom the items listed in this subdivision were dispensed or prescribed. Makes conforming changes.

SECTION 2. Amends Section 151.323, Tax Code, to exempt access to the Internet from taxes. Defines "Internet." Makes a conforming change.

SECTION 3. Amends Chapter 151H, Tax Code, by adding Section 151.325, as follows:

Sec. 151.325. CLOTHING FOR CHILDREN PRIOR TO START OF SCHOOL. Exempts from taxes the clothing sales occurring during August of clothing or footwear costing less than \$500 to be worn by a person younger than 13 years of age. Sets forth items not covered by this tax exemption.

SECTION 4. Effective date: the first day of the first calendar quarter beginning on or after the date it may take effect under Section 39, Article III, Texas Constitution. Makes application of this Act prospective.

SECTION 5. Emergency clause.