

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 441
By: Ellis
Finance
3/31/1999
Committee Report (Substituted)

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, Texans can lessen the regressiveness of its sales tax. C.S.S.B. 441 would exempt a drug or medicine, insulin, diapers, medical or therapeutic appliances, devices, and any related supplies. C.S.S.B. would also exempt taxes on articles of clothing or footwear worn on or about the human body up to \$200.

PURPOSE

As proposed, C.S.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, other than insulin, if prescribed or dispensed for a human or animal by a licensed practitioner of the healing arts, insulin, a drug or medicine without regard to whether it is prescribed or dispersed by a licensed practitioner of the healing arts, that is labeled with a national drug code issued by the federal Food and Drug Administration and specifically formulated and labeled for children 12 years of age and younger, and a therapeutic appliance, device, and any related supplies specifically designed for those products, if dispensed or prescribed by a licensed practitioner of the healing arts, when those items are purchased and used by an individual for whom the items listed in this subsection were dispensed or prescribed, and a diaper. Makes conforming changes.

SECTION 2. Amends Chapter 151H, Tax Code, by adding Section 151.325, as follows:

Sec. 151.325. CLOTHING FOR FOOTWEAR FOR LIMITED PERIOD. Exempts from taxes the clothing sales occurring during a period beginning at 12:01 a.m. on the first Saturday in August and ending at 12 midnight on the second Friday after the first Saturday in August, of clothing or footwear costing less than \$200 to be worn on or about the human body. Sets forth items not covered by this tax exemption.

SECTION 3. Effective date: October 1, 1999.
Makes application of this Act prospective.

SECTION 4. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 151.313(a), Tax Code, to set forth items which are exempted from taxes imposed by this chapter. Makes conforming changes.

SECTION 2.

Redesignated from existing SECTION 3. Deletes proposed SECTION 2. Adds new heading.

Exempts from taxes the clothing sales occurring during a specified period, beginning at 12:01 a.m. on the first Saturday in August and ending at 12 midnight on the second Friday after the first Saturday in August, rather than during August, of clothing or footwear costing less than \$200, rather than \$500, to be worn on or about the human body, rather than by a person younger than 13 years of age.

SECTION 3.

Redesignated from existing SECTION 4. Changes effective date to October 1, 1999. Deletes the effective date of 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.

SECTION 4.

Redesignated from existing SECTION 5.