

1-1 By: Hill (Senate Sponsor - Staples) H.B. No. 3016
1-2 (In the Senate - Received from the House April 20, 2005;
1-3 April 21, 2005, read first time and referred to Committee on
1-4 Finance; May 13, 2005, reported favorably by the following vote:
1-5 Yeas 9, Nays 3; May 13, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the determination of the market value of certain drug
1-9 supplies for ad valorem property tax purposes.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 23.12, Tax Code, is amended by adding
1-12 Subsection (h) to read as follows:

1-13 (h) In determining the market value of drug supplies held in
1-14 surplus, the chief appraiser shall exclude as economic obsolescence
1-15 from the market value cost attributable to "drug supplies held in
1-16 surplus" that are in excess of the amount of drugs held for normal
1-17 market purposes. "Drug supplies held in surplus" consist of drugs
1-18 or medicines as defined by Section 151.313 that are owned by the
1-19 holder of a license for the wholesale distribution of drugs under
1-20 Chapter 431, Health and Safety Code, excluding pharmaceutical drug
1-21 manufacturers, retail pharmacies, or chain pharmacies, and are held
1-22 for less than 60 days, for response to general public health care
1-23 emergency needs. In calculating the number of days "drug supplies
1-24 held in surplus" are held in inventory, a wholesale distributor of
1-25 drugs will quantify for appraisal rendition purposes the average
1-26 days of "cycle stock" inventory held to meet normal customer demand
1-27 and will subtract the average days of "cycle stock" inventory from
1-28 "total pharmaceutical drug inventory."

1-29 SECTION 2. This Act takes effect January 1, 2006.

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