

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 25, 2005**

**TO:** Honorable Tom Craddick, Speaker of the House, House of Representatives

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB3016** by Hill (Relating to the determination of the market value of certain drug supplies for ad valorem property tax purposes.), **As Passed 2nd House**

Since the bill would exclude certain inventory from the market value for ad valorem property tax purposes of certain wholesale drug distributors, taxable property values would decrease.

The bill would exclude from market value of inventory excess drug supplies held in surplus for response to general public health care emergency needs by certain wholesale drug distributors. The deduction is limited to the value of drugs held for less than 60 days to be used for "catastrophic man-made or natural disasters" including "terrorist attacks and bioterrorism events." The new language also limits the amount of deduction to not more than 10 percent of the wholesale owner's total drug inventory.

**Local Government Impact**

Taxing units that currently tax personal property inventories excluded by this proposal would experience a revenue loss as a result of passage of the bill.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, SD, WP, DLBe