

SUBJECT: Sales tax exemption for animals sold by nonprofit animal shelters

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 7 ayes — Oliveira, McCall, Bonnen, Craddick, Y. Davis, Keffer, Sadler  
0 nays  
4 absent — Heflin, Hilbert, T. King, Ramsay

WITNESSES: None

BACKGROUND: The sale of animals by nonprofit animal shelters is subject to the sales tax.

DIGEST: HB 871 would amend the Tax Code to exempt the sale of animals by nonprofit animal shelters from the sales tax. The bill would define “sale” to include the acceptance of a fee for adoption.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house, but the exemption would not apply to taxes imposed before the first day of the first calendar quarter after the bill takes effect.

SUPPORTERS SAY: HB 871 explicitly would exempt from the sales tax the sale and adoption of stray, homeless, abandoned, or unwanted animals impounded at nonprofit animal shelters. Some shelters do not collect these taxes now because they consider adoption fees to be contributions. An explicit exemption would lower administrative costs for shelters that now collect the tax. It also would lower the cost of adopting a stray animal, increasing the likelihood that these animals would find loving homes. There would be no significant fiscal implication to the state or local governments.

OPPONENTS SAY: No apparent opposition