

**SUBJECT:** Exempting nonprofit animal welfare organizations from sales and use tax

**COMMITTEE:** Ways and Means — favorable, without amendment

**VOTE:** 10 ayes — Meyer, Thierry, Button, Cole, Guerra, Murphy, Noble, Rodriguez, Sanford, Shine

0 nays

1 absent — Martinez Fischer

**SENATE VOTE:** On final passage, April 9 — 31-0, on Local and Uncontested Calendar

**WITNESSES:** No public hearing.

**BACKGROUND:** Tax Code sec. 151.343 exempts nonprofit animal shelters from sales and use taxes associated with the sale of an animal, including the acceptance of a fee for adoption.

Health and Safety Code sec. 823.001 defines an animal shelter as a facility that keeps or legally impounds stray, homeless, abandoned, or unwanted animals. Sec. 821.021 defines a nonprofit animal welfare organization as a nonprofit organization that has as its purpose the prevention of cruelty to animals or the sheltering of, caring for, and providing homes for lost, stray, and abandoned animals.

**DIGEST:** SB 197 would exempt the sale of an animal by a nonprofit animal welfare organization from limited sales, excise, and use taxes.

The bill would take effect October 1, 2021, and would not affect tax liability accruing before that date.

**SUPPORTERS SAY:** SB 197 would clarify that all nonprofit animal adoption groups in Texas were exempt from sales and use taxes for the sale of an animal or the acceptance of an adoption fee by including nonprofit animal welfare organizations, including animal rescue and shelter organizations, in the

statutory tax exemption. Currently, if a Texan adopts an animal from a nonprofit animal shelter, no sales tax is associated with the transaction, but if the adoption occurs at an animal rescue then taxes are collected on the sale or adoption fee. This has caused confusion around who must collect a sales tax when offering an animal for adoption, which SB 197 would resolve.

Nonprofit animal shelters take in thousands of animals each year, and animal rescues end up housing many of these animals to alleviate some of the shelters' financial burdens and to ensure that the animals are placed in good homes. Animal rescues often pull animals with expensive medical cases from municipal and county shelters and cover the costs for any associated medical procedures, saving taxpayer money and the animals' lives. A sales and use tax exemption for animal rescue groups would ensure that they could recoup the costs of their work through tax-exempt adoption fees, better enabling them to continue to do the expensive work of supporting shelters and rescue animals.

CRITICS  
SAY:

No concerns identified.

NOTES:

The House companion bill, HB 2510 by Noble, was considered by the House Ways and Means Committee in a public hearing on March 22, passed by the House on April 9, and referred to the Senate Finance Committee.