

**SUBJECT:** Exempting certain property held by medical manufacturers from taxation

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

**VOTE:** 10 ayes — Meyer, Thierry, Button, Craddick, Gervin-Hawkins, Muñoz, Noble, Raymond, Shine, Turner

0 nays

1 absent — Hefner

**SENATE VOTE:** On final passage, (April 13) — 26 - 4

**WITNESSES:** None

**BACKGROUND:** Texas Constitution Art. 8, sec. 1 requires taxation to be equal and uniform and that all real property and tangible personal property in the state, unless exempt as required or permitted by the constitution, be taxed in proportion to its value.

Some have suggested that the current tax structure on medical and biomedical manufacturing inventories could discourage capital investment and expansion of these industries in Texas.

**DIGEST:** SJR 87 would amend the Texas Constitution to authorize the Legislature to exempt from property tax the tangible personal property held by a manufacturer of medical or biomedical products as a finished good or to be used in the manufacturing or processing of medical or biomedical products.

A ballot proposal would be presented to voters at an election on November 7, 2023 and would read: "The constitutional amendment authorizing the legislature to exempt from ad valorem taxation equipment or inventory held by a manufacturer of medical or biomedical products to protect the Texas healthcare network and strengthen our medical supply chain."

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NOTES: SB 2289, the enabling legislation for SJR 87, is also on the daily House calendar for second reading consideration today.

According to the Legislative Budget Board (LBB), the proposed constitutional amendment would have no cost to the state other than the cost of publication, which would be \$204,406.