

BILL ANALYSIS

Senate Research Center

H.B. 2372
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Finance
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Engrossed

DIGEST

Currently, purchases of over-the-counter medication are taxed. Many families without insurance often are forced to rely on these over-the-counter medications because they cannot afford to see a doctor. Additionally, many doctors are suggesting using newly available over-the-counter medications rather than prescription medicine. This bill would eliminate sales tax on medication that is labeled with a national drug code issued by the federal Food and Drug Administration and blood glucose monitoring strips.

PURPOSE

As proposed, H.B. 2372 eliminates sales tax on medication that is labeled with a national drug code issued by the federal Food and Drug Administration and blood glucose monitoring strips.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 151.313(a), Tax Code, to exempt from taxes imposed by this chapter a drug or medicine, without regard to whether it is prescribed or dispensed by a licensed practitioner of the healing arts, that is labeled with a national drug code issued by the federal Food and Drug Administration, and blood glucose monitoring test strips. Makes conforming changes.

SECTION 2. (a) Authorizes the governing body of a local taxing authority that imposes a local sales and use tax to repeal an exemption if the governing body finds by an appropriate order that the exemption would materially impair the obligation of an existing contract at the effective date of this Act and to which the local taxing authority is a party.

(b) Requires the secretary of the local taxing authority adopting an order under this section to send to the comptroller of public accounts (comptroller) by certified or registered mail a copy of the order.

(c) Provides that the repeal of the exemption takes effect on the first day of the month following the expiration of the calendar quarter occurring after the date on which the comptroller receives a copy of the order.

SECTION 3. (a) Effective date: The first day of the first calendar quarter after the 90th day after adjournment.

(b) Makes application of this Act prospective.

SECTION 4. Emergency clause.