

## **BILL ANALYSIS**

Senate Research Center  
77R7203 SMJ-D

S.B. 1471  
By: Ogden  
Finance  
3/28/2001  
As Filed

### **DIGEST AND PURPOSE**

Under current law, meals served at public schools, hospitals, and nursing homes are not taxed; however, students at institutions of higher education are taxed when they purchase meal plans from universities and then taxed again when they purchase food products at locations other than the designated cafeteria. Also, students are automatically taxed for three meals per day upon meal plan purchase, regardless of how often they eat, but the food service contractor for the dining center is only paid when the students eat in the designated cafeteria. As proposed, S.B. 1471 exempts student meal plans at institutions of higher education from sales tax in order to align them with other state-funded plans and to resolve this double-tax practice.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 151.314(d), Tax Code, to provide that food products, meals, soft drinks, and candy for human consumption are exempted from taxes imposed by this chapter if served to a student at an institution of higher education or a private or independent institution of higher education, as those terms are defined by Section 61.003 (Definitions), Education Code, as part of a meal plan program provided by the institution.

SECTION 2. Effective date: July 1, 2001, or October 1, 2001.  
Makes application of this Act prospective.