

April 2017

SB 197 (BATES/ATKINS): SALES AND USE TAXES: EXEMPTION: MILITARY AND VETERAN MEDICAL FACILITIES

POSITION: The Chamber's Defense, Veterans & Military Affairs Committee voted to SUPPORT SB 197 on April 5, 2017.

STATUS: SB 197 was introduced by Senators Patricia Bates and Toni Atkins on January 30, 2017. The bill passed out of the Senate Committee on Governance & Finance and was re-referred to the Senate Committee on Appropriations on March 29, 2017.

AT-A-GLANCE

SB 197 exempts nonprofit organizations from paying state and local sales and use taxes for constructing a facility used to care for active military and veterans. This piece of legislation will assist in the building of a new medical facility at Marine Corps Base Camp Pendleton that would treat posttraumatic stress disorder and traumatic brain injury as well as related conditions.

SUMMARY

SB 197 exempts nonprofit organizations from paying state and local sales and use taxes for constructing a facility used to care for active military and veterans. If passed, this bill will aid in the building of a new medical facility at Camp Pendleton that would treat posttraumatic stress disorder (PTSD), traumatic brain injury (TBI), and other related conditions.

ANALYSIS

Currently, there is a need for additional medical facilities to treat service members afflicted with PTSD and TBI. In order to meet this need, non-governmental entities have stepped up to construct these facilities and then donate them to the Department of Defense (DoD). SB 197 waives certain taxes on building materials so that this need can be met. This bipartisan bill allows for the construction of a medical and rehabilitation facility at Camp Pendleton. After construction is completed, the facility will be handed over to DoD for operation on federal land in service to active military personnel and veterans living in the surrounding area and beyond.

The building of these facilities will go toward overall troop readiness and veteran medical support. Similar sales tax exemptions have been granted to charitable organizations in Maryland, Texas, and Virginia. According to the State Board of Equalization, the bill would result in a one-time state and local revenue loss of \$223,000.

SUPPORT

BOE Member George Runner

OPPOSITION

None known