Local Tax Exemptions: Infused or Injected RX Drugs

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Current Law provides for a mandatory local sales and use tax exemption for certain infused prescription drugs when administered exclusively to the patient at a physician’s office where patients are not regularly kept as bed patients for 24 hours or more. The current law names 23 specific diseases and conditions for which this exemption applies.

Proposed Law expands the mandatory local sales tax exemption to add injections to the treatment type covered and changes the office type from physician’s office to Medical Clinic where patients are not regularly kept as bed patients for 24 hours or more. Proposed law also expands the exemption to include 22 additional diseases and conditions for which these treatments and medications are prescribed.

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

Proposed law can only work to reduce local sales tax revenues by some indeterminable amount from what they would otherwise be. Information regarding the aggregate taxable value of these medications, procedures and treatment locations is not available. The revenue impact for any particular political subdivision will vary depending on the tax rate applied to these transactions within each subdivision, and the extent to which each subdivision currently exempts prescription drugs generally.

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