



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 241** SLS 17RS 676
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 2, 2017 7:53 PM	Author: JOHNS
Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Sales & Use Tax Exemption: Dental Devices	

TAX EXEMPTIONS EG -\$275,000 GF RV See Note Page 1 of 1
 Restores the sales and use tax exemption for dental devices.

Current law partially suspends the state sales and use tax on orthotic or prosthetic devices, prostheses, or restorative materials utilized or prescribed by dentists. The current rate imposed is 3% until July 1, 2018, at which time these transactions will become fully exempt.

Proposed law fully exempts these transactions beginning on October 1, 2017.

Effective upon governor's signature.

EXPENDITURES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	(\$275,000)	\$0	\$0	\$0	\$0	(\$275,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$275,000)	\$0	\$0	\$0	\$0	(\$275,000)

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Current law provides that a rate of 3% sales tax is imposed on sales of certain dental devices for FY18, and 0% is imposed for FY19-FY22. Proposed law would reduce the rate imposed to 0% on October 1, 2017.

LA Dept. of Revenue reports an implied \$12.2M base of taxable sales impacted by this exemption for FY17. Exempting these transactions from the current 3% rate for nine months of FY18 will cause a revenue loss of at least \$275,000.

For FY19-FY22, the revenue impact will be zero, as current law already provides that these transactions will be exempt.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Gregory V. Albrecht
 Chief Economist