



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 188** HLS 25RS 287

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> June 2, 2025	8:44 AM	<b>Author:</b> OWEN, CHARLES
<b>Dept./Agy.:</b> Revenue		
<b>Subject:</b> Sales/Use tax exemption for medical vehicles/modifications		<b>Analyst:</b> Mimi Blanchard

TAX/SALES-USE, LOCAL-EXEM

EN -\$83,000 LF RV See Note

Page 1 of 1

Authorizes a local sales tax exemption for certain adaptive driving equipment and vehicle modifications

Current law provides an exemption from state sales and use tax for purchases of adaptive driving equipment and motor vehicle modifications prescribed for personal use by a physician, a licensed chiropractor, or a driver rehabilitation specialist licensed by the state.

Proposed law expands the exemption to local sales tax on purchases of adaptive driving equipment and motor vehicle modifications prescribed for personal use by a physician, licensed chiropractor, or licensed driver rehabilitation specialist.

Effective August 1, 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$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

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
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	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$415,000)
Annual Total	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$415,000)

EXPENDITURE EXPLANATION

Proposed law will require vehicle sales tax collection modifications to expand the existing state exemption to include local sales tax on purchases of certain adaptive driving equipment and motor vehicle modifications to local taxing authorities. The Office of Motor Vehicles anticipates initial costs costs of about \$3,500 for coding and testing of the system changes, which may, when coupled with other required changes, be absorbed in the agency’s budget.

REVENUE EXPLANATION

The Office of Motor Vehicles (OMV) reports a 3-year average of 38 vehicles in the state with adaptive equipment subject to the state sales tax exemption. The average annual local sales tax collection for these vehicles was about \$83,000, which is the estimated impact to local sales tax revenue in the table above.

Senate

Dual Referral Rules

House

- ☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
- ☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

- ☐ 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}



Deborah Vivien  
Chief Economist