

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 7** HLS 13RS 5

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: February 19, 2013 2:19 PM	Author: ARNOLD
Dept./Agy.: Revenue/Public Safety	Analyst: Deborah Vivien
Subject: State and local sales tax exemption for bloodmoblies	

TAX/SALES-USE-EXEMPT OR -\$100,000 GF RV See Note Page 1 of 1

Provides a state and local sales and use tax exemption for certain items purchased by a nonprofit blood bank to be used in the collection of donated blood

Current law excludes materials used directly in the collection, separation, treatment, testing and storage of blood by nonprofit blood banks and collection centers.

Proposed law repeals the exclusion and creates a state and local sales tax exemption for motor vehicles, machinery, equipment and supplies used in the collection, separation, treatment, testing and storage of blood by nonprofit blood banks and collection centers. In terms of the Department of Revenue interpretation, this bill adds motor vehicles related to blood collections, etc., to the list of items not subject to state or local sales tax.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$500,000)
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	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$500,000)
Annual Total	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$1,000,000)

EXPENDITURE EXPLANATION

The Department of Revenue will be required to provide exemption certificates for eligible vehicles. The Department of Motor Vehicles will be required to reprogram its system to allow for the tax exemption code of eligible vehicles. Due to the small number of vehicles expected to qualify under this exemption and the minimal administrative adjustments, there is no anticipated direct material effect on governmental expenditures as a result of this measure and the cost of implementation would be absorbed in the agency's existing budget.

REVENUE EXPLANATION

According to the Department of Revenue interpretation, this bill will provide an exemption for the purchase of bloodmoblies. Bloodmoblies are the only additional item that will be exempt from state and local sales tax, beyond that which is currently excluded. According to estimates provided by many of the non-profit blood banks operating in the state, a new bloodmobile costs about \$250,000 but fluctuates depending on the complexity of the components. For a \$250,000 vehicle taxed at 4%, the state would forego about \$10,000 per vehicle purchased. Local governments will forego roughly the same amount, depending on the location of the taxable occurrence. There are about 45 bloodmoblies in service in the state, all operated by non-profits. They are typically replaced every 5 years, so a reasonable estimate of total cost could assume that 10 bloodmoblies are purchased each year, which would result in an estimated \$100,000 in state general fund revenue loss (\$10,000 per vehicle x 10) and about the same locally.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

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