

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **SB 45** SLS 19RS 95
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 1, 2019	2:24 PM	Author: JOHNS
Dept./Agy.: REVENUE		Analyst: Benjamin Vincent
Subject: Sales Tax Exemption: Vehicles for Orthopedic Modification		

TAX/SALES EG -\$60,000 GF RV See Note Page 1 of 1
 Provides for a state sales tax exemption for certain purchases of motor vehicles for the use or transportation of persons with permanent orthopedic disabilities. (10/1/19)

Present law provides that adaptive driving equipment and motor vehicle modifications prescribed for personal use by a physician, chiropractor, or driver rehabilitation specialist are fully exempt from state sales and use tax.

Proposed law additionally exempts the purchase of a motor vehicle to be modified for use by a person with such an orthopedic disability. Proposed law provides various conditions for eligibility and that an exemption certificate be obtained from the Department of Revenue. The Department is to issue administrative rules, in cooperation with the Department of Health.

Effective October 1, 2019.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$300,000)
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law exempts from state sales tax the entire purchase price of a motor vehicle purchased to be modified use by a person with an orthopedic disability, and authorizes local political subdivisions to provide the same exemption.

A comparable rebate was temporarily in effect as recently as FY13. The sales tax data reported for the rebate at that time implies a potential revenue loss of approximately \$60,000 due to proposed law. The revenue loss is depicted above as entirely state general fund, but small amounts of loss (approximately 1% of the total) will occur to the Tourism Promotion District allocation and economic development dedications as well.

Additionally, to the extent that political subdivisions apply the exemption to local sales and use taxes, local funds will decrease.

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