
DIGEST

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HB 249 Original

2023 Regular Session

Turner

Abstract: Creates a mandatory exemption from local sales and use taxes for prescription drugs and insulin.

Present law exempts from state sales and use tax the sale at retail, use, consumption, distribution, and storage of the following:

- (1) Drugs prescribed by a physician or dentist (also exempted from state sales and use tax by present constitution, Const. Art. VII, §2.2(B)).
- (2) Prescription and nonprescription insulin.

Present law provides that these exemptions pertain to the state sales and use tax exclusively.

Proposed law retains the exemptions from state sales and use tax for prescription drugs and prescription and nonprescription insulin.

Proposed law revises present law to exempt prescription drugs and prescription and nonprescription insulin from all other taxing authorities' sales and use taxes, including the sales and use taxes of parishes, municipalities, other local political subdivisions, and school boards.

Present law provides for certain mandatory exemptions from local sales and use taxes as well as for certain optional exemptions from such taxes which local jurisdictions, at the discretion of their governing authorities, may adopt. Proposed law creates the exemptions for prescription drugs and prescription and nonprescription insulin as mandatory exemptions from local sales and use taxes.

Present law provides that upon the sale of prescription drugs and pharmacist services, a pharmacy or pharmacist is responsible for collecting any sales and use tax levied by a local political subdivision and for remitting the amount of the tax to the taxing authority. Requires health insurance issuers to reimburse the pharmacy or pharmacist for the amount of such tax in certain cases. Proposed law revises present law to strike references to the sale of prescription drugs, thereby requiring pharmacies and pharmacists to collect and remit only local sales and use taxes levied on pharmacist services. Proposed law retains present law requiring reimbursement by health insurance issuers to pharmacies and pharmacists for local sales and use taxes collected and remitted to local taxing authorities.

Present law known as the Uniform Local Sales Tax Code, R.S. 47:337.1 et seq., establishes terms

designated as "key words" following particular statutory citations and associates those terms with the local sales and use tax exemptions provided for at those citations, respectively. Present law indicates that such key words are illustrative only and are intended to aid in clarity and ease of finding particular exemptions in present law.

Proposed law retains present law and establishes key words associated with the mandatory local sales and use tax exemptions for prescription drugs and prescription and nonprescription insulin created by proposed law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:305(D)(1)(j), 305.2, 337.9(C)(14.1), 337.10(A)(1), and 337.11.1(A); Adds R.S. 47:337.9(C)(14.2) and (D)(1.1))