Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On:	**HB**	**629**	HLS 23RS 1352
Bill Text Version:	**ENROLLED**		
Opp. Chamb. Action:			
Proposed Amd.:			
Sub. Bill For.:			

Date: June 7, 2023 11:18 AM	**Author:**	BEAULLIEU
Dept./Agy.: Local Government		
Subject: Exempts neuropathic pain and topical system administration	**Analyst:**	Deborah Vivien

TAX/SALES-USE, LOCAL-EXEM   EN DECREASE LF RV See Note   Page 1 of 1
Exempts from local sales and use taxes certain prescription drugs administered by topical system in medical clinics

Current law provides for a mandatory local sales and use tax exemption for the procurement and administration of certain prescription drugs infused or injected by a healthcare professional in a medical clinic in the treatment of 46 eligible diseases and conditions. For this exemption, a medical clinic is defined in law and includes physician's offices and all licensed outpatient facilities related to the eligible diseases and conditions.

Proposed law expands the local sales tax exemption by adding neuropathic pain and dry age-related macular degeneration to the list of eligible conditions. Proposed law adds topical administration to infusion or injection in a medical clinic by a healthcare professional of prescription drugs for all eligible conditions.

Effective July 1, 2023

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	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	2023-24	2024-25	2025-26	2026-27	2027-28	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	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

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

REVENUE EXPLANATION

The bill can only work to reduce local sales tax revenues by some indeterminable amount from what they would otherwise be. The magnitude of the impact appears to correspond primarily to the local taxation of prescription drugs applied by topical system and/or for neuropathic pain or dry age-related macular degeneration that would be administered in an outpatient or physician office setting and are not currently considered treatment for the list of 46 eligible diseases and conditions. Under current law, it is not clear what specific drugs are currently exempt for each condition or how much sales tax is being remitted that might be exempt already in the absence of that clarity.

Specific information regarding the aggregate taxable value of these drugs is not available for all local entities. The revenue impact for any particular political subdivision will vary depending on the tax rate applied to these transactions in each subdivision and the extent to which each subdivision currently exempts prescription drugs.

While the Legislative Fiscal Office cannot confirm estimates of tax loss statewide, the large number of potentially affected establishments in the state, the likelihood that prescription drugs for neuropathic pain or dry age-related macular degeneration administered in a medical clinic by a healthcare professional and those administered topically in a medical clinic by a healthcare professional that are currently taxable will no longer be taxed under this bill and the expected elevated cost of prescription drugs, form the basis of the opinion that the bill could reduce tax collections in local jurisdictions across the state.

Senate	Dual Referral Rules	House	
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}		☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}	
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

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