



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 403** HLS 24RS 752
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 8, 2024	2:53 PM	Author: ECHOLS
Dept./Agy.: Local Sales Tax Collectors		Analyst: Noah O'Dell
Subject: Exempts Certain Prescription Drugs from Local Sales Tax		

TAX/SALES-USE, LOCAL-EXEM EN DECREASE LF RV See Note Page 1 of 1
 Adds drugs prescribed for certain ocular conditions to the listing of prescription drugs exempt from local sales and use taxes

Current law provides for a mandatory local sales and use tax exemption for the procurement and administration of prescription drugs administered by a healthcare professional by infusion, topical system, or injection in a medical clinic in the treatment of 47 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 cataracts or ocular inflammation and pain following ophthalmic surgery to the list of eligible conditions.

Effective July 1, 2024.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	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	2024-25	2025-26	2026-27	2027-28	2028-29	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 procured and administered in medical clinics by infusion, injection, or topical system for cataracts or for ocular inflammation and pain following ophthalmic surgery that are not currently considered treatment for the list of 47 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 expected elevated cost of prescription drugs, and the likelihood that prescription drugs for cataracts or ocular inflammation and pain following ophthalmic surgery administered in an eligible manner that will no longer be taxed under this bill 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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