

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 272** SLS 15RS 617

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 5, 2015	2:02 PM	Author: ERDEY
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Exempts prosthetic devices from local sales tax		

TAX/SALES OR DECREASE LF RV See Note Page 1 of 1
Exempts from local sales tax prosthetic devices prescribed by physicians for personal consumption or use. (7/1/15)

Current law provides an exemption from state sales tax on purchases of prosthetic devices for personal consumption or use.

Proposed law expands the exemption to local sales tax on purchases of prescribed prosthetic devices for personal consumption or use.

Effective on July 1, 2015.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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	2015-16	2016-17	2017-18	2018-19	2019-20	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 is expected to decrease local revenue in the amount of current remittances of local sales tax on purchases of prosthetic devices. Local sales tax rates are typically 4.5%. The Legislative Fiscal Office has been unable to obtain information suggesting the value of prosthetic devices sold in the state on an annual basis. A prosthetic device can be any number of items that replace or substitute for various body parts, and be removable or implanted, such as a tooth, eye, facial bone, palate, joints for the hip, knee, elbow, ankle, fingers, or legs, arms, and hearing aids. The current taxation of these various items at the local level is probably varied and dependent to a large degree on the extent of medical procedure involved in their use. However, the bill can only work to reduce local sales tax tax collections by some unknown amount.

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & 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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