

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 375** HLS 15RS 306

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

**REVISED**

<b>Date:</b> May 18, 2015	8:17 AM	<b>Author:</b> HARRIS
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Local sales tax exemption for certain ophthalmic drugs		

TAX/SALES-USE, LOCAL-EXEM OR DECREASE LF RV See Note  
Exemption for certain ophthalmic drugs administered in a physician's office

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Current law exempts prescription drugs from state sales and use tax and allows a local sales tax exemption based on local approval. Most parishes do not exempt ophthalmic injectable drugs from local sales and use tax.

Proposed law exempts from state and local sales and use tax ophthalmic injectable drugs if administered by a physician in a physician's office where patients are not regularly kept for 24 hours or more.

Effective July 1, 2015

<b>EXPENDITURES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
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Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

Currently, drugs prescribed by a physician or dentist are exempt from state sales tax, regardless of where they are administered. Local sales tax exempts the administration of prescription drugs used exclusively by the patient in the medical treatment of various diseases or injuries. This bill exempts all transactions involving ophthalmic drugs from local sales and use taxation if they are administered by a physician in a physician's office where patients are not regularly kept for 24 hours or more.

To the extent that local taxing authorities are collecting sales tax from physicians for ophthalmic drugs administered in their offices, local sales tax revenue will decline. The distribution of any revenue loss will depend largely on the distribution of population across parishes and metro areas.

Ophthalmic drugs relate to eye conditions and diseases, including cataracts, eye infections, glaucoma, macular degeneration, near-sighted corrective surgery, and others.

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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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