



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: SB 272 SLS 15RS 617
Bill Text Version: REENGROSSED
Opp. Chamb. Action: w/ HSE FLOOR AMD
Proposed Amd.:
Sub. Bill For.:

Date: June 7, 2015 12:49 PM Author: ERDEY
Dept./Agy.: Revenue Analyst: Deborah Vivien
Subject: Exempts Medicaid prosthetic devices from local sales tax

TAX/SALES REF 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 when the transaction is a medicaid claim paid either directly by the state or by a third party administrator.

Proposed law lowers the aircraft capacity qualifying for the exemption from more than 50 passengers to 8 or less. It also stipulates that the place that the aircraft is ultimately received is the place of storage after all transportation is complete.

Effective on July 1, 2015.

Table with 7 columns: EXPENDITURES, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and 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 ultimately paid by Medicaid. Medicaid claims paid directly by the state are not taxable. Apparently, the question of taxes applying to these transactions is a relatively recent occurrence with the advent of third party administrators, namely Bayou Health, for Medicaid claims for 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.

This bill will allow a LA aircraft manufacturing facility to exempt any sale of an aircraft holding 8 or fewer passengers for sale out of state from state and local sales tax if the final place of storage is out of state. A sale to a LA resident or corporation for an aircraft stored in LA is still taxable at the state and local level under this bill.

The sale of an aircraft received out of state is already exempt from state and local taxation. The bill establishes that out of state is determined by place of storage of the aircraft. Thus, if the place of storage and the place received are identical, there would be no fiscal impact from this bill, since the out of state sale would be exempt under current law.

- Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Gregory V. Albrecht
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