

**BILL SUMMARY**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 1262</b>
<b>Version:</b>	<b>CCRA</b>
<b>Request Number:</b>	<b>8913</b>
<b>Author:</b>	<b>Rep. Hilbert</b>
<b>Date:</b>	<b>5/8/2019</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Revenue Decrease</b>
	<b>FY-20: \$1,647,411</b>
	<b>FY-21: \$1,847,105</b>

**Research Analysis**

The 2<sup>nd</sup> conference committee substitute for HB1262 relates to a sales tax exemption for drugs and certain medical appliances, devices and equipment administered, distributed or prescribed by a practitioner. The measure adds allopathic physicians and clinical nurse specialists to the list of practitioners that may administer, distribute or prescribe the items eligible for the sales tax exemption. The measure also removes prosthetic devices, durable medical equipment and mobility-enhancing equipment from the list of items that must be paid for and reimbursable under the federal Medicare or Medicaid program in order to be eligible for the sales tax exemption. The measure also amends the definition of *durable medical equipment* to require that such equipment be used in the home in order to qualify to the sales tax exemption.

Prepared By: Quyen Do

**Fiscal Analysis**

Analysis provided by the Tax Commission:

The Proposed Conference Committee Substitute for HB 1262 [Engrossed] provides for an effective date of July 1, 2019 with an emergency clause for the measure which proposes to amend 68 O.S. § 1357.6 by exempting from the sales tax levy, sales of medical equipment including prosthetic devices, durable medical equipment and mobility enhancing equipment when administered, distributed or prescribed by a practitioner, who is authorized by law to administer distribute or prescribe such items. It amends the definition of durable medical equipment by adding the qualifying condition that this type of equipment be used in the home. It further adds allopathic physician and clinical nurse specialist to those qualifying as a “practitioner” for purposes of this proposal and the Medicare/Medicaid sales tax exemption. Sales of prosthetic devices as defined in Section 1357.6 of Title 68 for use by individuals are exempt from sales/use tax pursuant to Section 1357(22) of Title 68 and, as such, no impact to state sales/use tax revenue is attributable thereto.

State sales and use taxes reported by vendors making sales of qualifying durable medical equipment and mobility enhancing equipment equal \$3,421,155 and 1,034,441, respectively for FY 18. For the purposes of this impact, it is assumed that 50% or \$1,710,578 of the sales tax revenues and none of the use tax revenues are attributable to sales made pursuant to a practitioner’s prescription.

Application of inflation rate adjustments of 2.5%, results in an estimated decrease in state sales tax collections of \$1,647,411 for FY 20<sup>1</sup> and \$1,842,105 for FY 21 (again applying a 2.5 inflation rate adjustment).

Prepared By: Mark Tygret

**Other Considerations**

None.

© 2019 Oklahoma House of Representatives, see Copyright Notice at [www.okhouse.gov](http://www.okhouse.gov)