

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

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|------------------------|---|
| <b>Bill No.:</b>       | <b>HB 1262</b>  |
| <b>Version:</b>        | <b>CS</b>   |
| <b>Request Number:</b> | <b>7971</b>   |
| <b>Author:</b>         | <b>Rep. Hilbert</b>   |
| <b>Date:</b>           | <b>2/18/2019</b>  |
| <b>Impact:</b>         | <b>Tax Commission:<br/>Impact Under Review<br/>Extent of Exempt Sales</b> |

**Research Analysis**

The 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.

Prepared By: Quyen Do

**Fiscal Analysis**

The status of the analysis undertaken by the Tax Commission:

This is in response to your request for a revenue impact for the Proposed Committee Substitute for House bill 1262 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 further adds allopathic physician and clinical nurse 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.

Vendors reporting under the NAICS codes for Medical, Dental, and Hospital Equipment & Supplies and Home Health Equipment Rental reported state sales/use tax in the amount of \$27,944,000 for FY 18. The portion of this amount which is associated with medical equipment currently exempted under Section 1357.6 and other items ineligible for the proposed exemption has not been quantified, therefore the extent to which this proposal results in a decrease in states sales tax collections is unknown at this time.

Prepared By: Mark Tygret

## **Other Considerations**

None.

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