



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 606** HLS 25RS 118
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: April 29, 2025	9:20 PM	Author: TURNER
Dept./Agy.: Revenue		
Subject: Local Sales Tax Exemption for Prescription Drugs		Analyst: Mimi Blanchard

TAX/SALES-USE, LOCAL-EXEM OR DECREASE LF RV See Note Page 1 of 1
Exempts prescription drugs and insulin from local sales and use taxes

Current law provides a mandatory local sales and use tax exemption for the procurement and administration of certain prescription drugs infused or injected by a healthcare professional in the treatment of 49 eligible diseases and conditions. Additionally, it provides an optional exemption for prescription drugs related to various diseases or injuries administered in a physician’s office, if adopted by local ordinance.

Proposed law exempts all sales of prescription drugs and insulin, whether prescribed or not, from local sales tax, making this exemption mandatory for all local jurisdictions.

Effective upon signature by the governor.


EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	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	2025-26	2026-27	2027-28	2028-29	2029-30	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 would reduce local sales tax revenue, potentially by hundreds of millions of dollars per year, as many local taxing jurisdictions currently tax prescription drugs. Estimates from the Local Association of Tax Administrators (LATA) indicate a potential loss of \$346M annually in local revenue statewide, increasing each year due to rising costs of prescription drugs. The actual impact is difficult to quantify since it is unclear which specific drugs are already exempt at the local level for each condition. Impacts to each taxing authority will vary based on local sales tax rates and current taxation of prescription drugs.

LATA estimates an average \$346M annual local revenue loss from exempting prescription drug sales, based on the Louisiana Department of Revenue’s (LDR) FY 24 state-level exemption value of \$405.8M and assuming 62% of those drugs are taxed locally. Applying a 1.93% annual growth rate, the estimated local revenue loss totals approximately \$1.73 billion from FY 26 through FY 30.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}		
<input checked="" 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}		Deborah Vivien Chief Economist