



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **HB 148** HLS 21RS 671  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 9, 2021	10:31 AM	<b>Author:</b> ECHOLS
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Exclusion: Purchases by Osteopathy Schools		

TAX/SALES-USE, STATE EN -\$200,000 GF RV See Note Page 1 of 1  
 Exempts certain educational institutions from state sales and use tax on the lease or rental of tangible personal property

Current law subjects certain services and purchases, leases, rentals of tangible personal property to a combined state sales and use tax rate of 4.45% through June 30, 2025, at which time these purchases will be subject to a combined rate of 4%. Current law fully excludes certain purchases by certain accredited independent institutions of higher education from the taxable base of purchases.

Proposed law excludes purchases by institutions accredited by the American Osteopathic Association Commission on Osteopathic College Accreditation from the base of purchases that are taxable by the state.

Effective August 1, 2021.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</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>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$100,000)	(\$150,000)	(\$200,000)	(\$200,000)	(\$180,000)	<b>(\$830,000)</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>(\$100,000)</b>	<b>(\$150,000)</b>	<b>(\$200,000)</b>	<b>(\$200,000)</b>	<b>(\$180,000)</b>	<b>(\$830,000)</b>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

Proposed law would exclude transactions by certain institutions that provide osteopathic training from the state sales and use tax base. The revenue impact of proposed law would reduce general fund revenue collections.

According to the accrediting agency named in the bill, one eligible institution exists within the state. The institution is part of a multi-state system that currently supports 600-700 students at campuses in various states, and reports that it anticipates approximately 600 active students once it has fully ramped up. Campuses in this system average approximately \$38,000 in expenditures per student.

Without specific sales taxable expenditure information, the revenue loss of the bill is recognized by assuming 20% of institutional expenditures are subject to sales tax, and the number of eligible schools in the state remains at one. A rough projection of a full year's impact of the campus operating at its intended capacity implies a revenue impact of approximately \$200,000 at the current state sales and use tax rate of 4.45%. The tables above assume that the campus ramps up from half-capacity in FY22, to 3/4 capacity in FY23, and to its intended capacity in all years following. The tables above also reflect the sales tax rate being reduced to 4% for FY26, as provided in current law.

Senate      Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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