LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 606** HLS 11RS 1037
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: June 23, 2011 3:23 PM
Author: ROBIDEAUX
Dept./Agy.: Revenue
Subject: Expansion of sales tax exemption for radiation equipment
Analyst: Deborah Vivien

TAX/SALES & USE EN -$80,000 GF RV See Note

Adds facilities supporting medical physicists residency programs to facilities eligible for the sales and use tax exemption for certain qualifying radiation therapy treatment centers

Current law allows a state sales tax exemption for qualifying radiation therapy treatment centers for the purchase, lease or repair of capital equipment and software if the center is a nonprofit maintaining joint accreditation with a state university by the Commission on Accreditation of Medical Physics Educational Programs, Inc., for a graduate medical physics program and which provides facilities and personnel for use for a joint CAMPEP-accredited graduate medical physics program for research, teaching, and clinical training for graduate students (currently only Mary Bird Perkins Cancer Center in Baton Rouge). The Biomedical Research Foundation in Shreveport also qualifies for this exemption. Local exemption allowed with local approval.

Proposed law expands the exemption to include all radiation therapy facilities that employ six or more medical physicists to provide radiation therapy treatment services before August 1, 2011, which is also the effective date of the bill.

EXPENDITURES	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**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	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**5 -YEAR TOTAL**
State Gen. Fd.	($80,000)	($38,000)	($11,000)	($11,000)	($11,000)	**($151,000)**
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	**($80,000)**	**($38,000)**	**($11,000)**	**($11,000)**	**($11,000)**	**($151,000)**

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. There are a limited number of facilities that may qualify for this exemption and the cost of certifying the exemption is not expected to be material.

REVENUE EXPLANATION

The proposed legislation expands this exemption to any radiation therapy facility that employs six or more medical physicists to provide radiation therapy treatment services as of August 1, 2011. Mary Bird Perkins Cancer Center and the Biomedical Research Foundation in Shreveport are already eligible for this exemption. Other entities that may qualify under this bill include OncoLogics, Inc., in association with Our Lady of Lourdes Hospital in Lafayette and Ochsner Medical in New Orleans. According to OncoLogics, Inc., in association with Our Lady of Lourdes Hospital in Lafayette, it plans purchases of radiation equipment totaling $2.0 million in FY 11/12 and $950,000 in FY 12/13 with about $275,000 per year in upgrades and service. OncoLogics, Inc., anticipates the need for new equipment purchases about every ten years. It is possible, but unlikely, that other radiation therapy centers may qualify for this exemption.

At the state sales tax rate of 4%, it is expected that general fund revenue will decline by $80,000 in FY 11/12 and by $38,000 in FY 12/13 based on anticipated equipment purchases of one facility, Oncologics, Inc. In subsequent years, general fund is expected to decline by $11,000 for upgrades and maintenance for each qualifying facility. If other facilities also qualify, the impact will increase relative to their purchases of eligible equipment.

Any local sales tax exemption falls under the same guidelines as the existing exemption, which requires local approval for exemption from local taxes.

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 >= $500,000 Annual Fiscal Cost {S}
☐ 6.8(F)2 >= $100,000 Annual SGF Cost {H&S}
☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Gregory V. Albrecht
Chief Economist