LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 508** HLS 11RS 665
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: June 24, 2011 3:41 PM
Author: LANDRY
Dept./Agy.: Revenue
Subject: State sales tax exemption for adaptive devices in vehicles
Analyst: Deborah Vivien

TAX/SALES-USE, STATE EN DECREASE GF RV See Note

Authorizes a state sales and use tax exemption for the purchase and installation of certain adaptive devices for persons with orthopedic disabilities

Proposed law provides a state sales and use tax exemption for the purchase of the vehicle by an individual which has been or is intended to be modified for transport of or operation by a person with permanent orthopedic disabilities. The bill specifies the modifications required including wheelchair lifts, steering systems, etc. The recipient must provide a medical prescription for the modifications and a letter from the medical prescriber describing the disability requiring the modiifications. This documentation is subject to review by the Department of Health and Hospitals (DHH). Upon presentation of certain documents according to the Secretary of Revenue, the Department of Revenue will provide a refund of the documented sales tax. Tax refunds can only occur after expenditures are made and documented. The Department along with DHH will also promulgate rules outlining the documents required for eligibility. Leased or commercial vehicles, including travel trailers and emergency vehicles, are not eligible.

Effective October 1, 2011 but is retroactive to purchases made on or after January 1, 2010 through June 30, 2013.

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.	DECREASE	DECREASE	DECREASE	$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**

EXPENDITURE EXPLANATION

Because this bill includes the submission and analysis of qualifying documentation, there will be costs incurred by the department to initiate and implement the refund. The number of refunds to be processed is unknown, but seems likely to be relatively small.

REVENUE EXPLANATION

This bill would exempt purchases of modified vehicles from 4% of state sales tax. The FY 11/12 decrease in state general fund will presumably be larger than the subsequent years because it could include almost two years of refunds due to the retroactive effective date of the bill. The exemption is in effect through FY 13 so the FY 14 impact is expected to be minimal as filings based on FY 13 purchases are completed. There is no information available on the number of motor vehicles purchased in Louisiana that meet the bill's requirements that will be modified and subject to sales tax refunds, although the number of such vehicles is likely to be relatively small. Thus, while some refunds could occur and state revenue collections reduced, the total annual refunds are likely to be small. For example, if the average cost of a vehicle plus modifications is $30,000, then for every 100 vehicles exempt from 4% state sales tax, state general fund revenue would decline by $120,000.

Local taxes are not affected by this bill.

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}

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