

OKLAHOMA TAX COMMISSION

**FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: January 22, 2013

BILL NUMBER: HB 1399 STATUS AND DATE OF BILL: Introduced 01/06/2013

AUTHORS: House Johnson Senate n/a

TAX TYPE (S): Sales Tax SUBJECT: Administrative

PROPOSAL: Amendatory 68 O. S. § 1364.1

The measure proposes to amend Section 1364.1 of Title 68 of the Oklahoma Statutes to allow health care providers and practitioners purchasing medical appliances, medical devices and other medical equipment to obtain a direct payment permit ("permit") in order to purchase these items without the payment of sales or use tax to the vendor. Entities qualifying for the permit pursuant to the above provision which owe an average per month of \$500 or less in tax will be allowed to file quarterly reports and remit tax due to the Tax Commission ("OTC") on or before the 20th day of the month following the calendar quarter. The measure also eliminates the permit application fee and outlines the information, which if maintained by the permit holder, must be accepted by the OTC to document the sales/use tax exemption for items purchased to treat a Medicare/Medicaid patient.¹

EFFECTIVE DATE: July 1, 2013-Emergency

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 14: None

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 14: None

Jan. 24, 2013 Rick Miller
DATE DIVISION DIRECTOR

bjs

1-24-2013 Reece Womack
DATE REECE WOMACK, ECONOMIST

1/24/13 Dan Carr
DATE FOR THE COMMISSION

¹ Section 1357.6 of Title 68 exempts sales of medical appliances, medical devices and other medical equipment, prosthetic devices, durable medical equipment and mobility enhancing equipment when the item is administered or distributed by a practitioner or purchased or leased, by or on behalf of an individual, pursuant to a prescription or work order of a practitioner; and the item is furnished to a Medicare or Medicaid program recipient and the cost of said item will be reimbursed by Medicare or Medicaid.

ATTACHMENT TO FISCAL IMPACT HB 1399 [Introduced] Prepared January 22, 2013

The measure amends §1364.1 to allow hospitals, similar institutions, and medical practitioners to purchase medical appliances, medical devices and other medical equipment including but not limited to prosthetic devices and durable medical equipment without the payment of sales or use tax. This is accomplished through obtaining a direct payment permit. A hospital or practitioner, holding a direct pay permit, will not be required to remit any tax to the Tax Commission for items, the cost of which will be reimbursed under the Medicare or Medicaid Program. If the items purchased are used to treat a non-Medicare/Medicaid patient, the hospital or practitioner will remit the tax due directly to the Tax Commission. If the practitioner owes less than \$500 per month, they may remit on a quarterly basis. Additionally, the proposal eliminates the application fee for a direct payment permit.

The measure also provides for documentation the practitioner may maintain to show that the medical devices were used to treat a Medicare/Medicaid patient including the patient's case or account number, the type of insurance, and the item description or product number.

The measure eliminates, through the utilization of the direct payment permit process, the necessity for hospitals and practitioners to submit, for review and processing by the OTC, lengthy refund claims for sales/use taxes previously paid on items provided to Medicare/Medicaid patients.

There is no estimated revenue or administrative impact associated with the proposed amendments in HB 1399.