

MAINE STATE LEGISLATURE

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TAXATION

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STATE OF MAINE HOUSE OF REPRESENTATIVES 120TH LEGISLATURE FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 677, L.D. 877, Bill, "An Act to Exempt Medical Devices and Assistive Devices Used by Individuals with Disabilities from the Sales Tax"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 36 MRSA §1760, sub-§5-A, as amended by PL 1975, c. 623, §57, is further amended to read:

5-A. Prosthetic devices; durable medical equipment. Sale of prosthetic aids, hearing aids or eyeglasses and artificial devices designed for the use of a particular individual to correct or alleviate physical incapacity; and sale of crutches and wheelchairs for the use of invalids and crippled persons and not other than for rental; and sale of durable medical equipment and related supplies that would be eligible for coverage under the Medicaid or Medicare program and that are sold on either a certificate of medical necessity or a written prescription of a physician, dentist or other professional person licensed to prescribe. This exemption applies without regard to whether the item is purchased for use by a Medicaid or Medicare beneficiary.'

Further amend the bill by inserting at the end before the summary the following:

R. of S.

FISCAL NOTE

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2001-02 2002-03

REVENUES

General Fund	(\$300,636)	(\$418,769)
Other Funds	(16,156)	(22,505)

The expansion of the existing sales tax exemption for prosthetic aids will decrease sales and use tax collections by \$316,792 in fiscal year 2001-02 and \$441,274 in fiscal year 2002-03. The reduction of these tax collections will decrease the amounts transferred to the Local Government Fund for state-municipal revenue sharing in those years by \$16,156 and \$22,505, respectively. The resulting net reductions of General Fund revenue will be \$300,636 in fiscal year 2001-02 and \$418,769 in fiscal year 2002-03. This estimate assumes an effective date of October 1, 2001.

The Bureau of Revenue Services will incur some minor additional costs to administer the expanded exemption. These costs can be absorbed within the bureau's existing budgeted resources.'

SUMMARY

This amendment expands the sales tax exemption for prosthetic aids to include durable medical equipment and related supplies that are eligible for coverage under the Medicaid and Medicare programs and that are sold pursuant to a written prescription or certificate of medical necessity. It also adds a fiscal note to the bill.