

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB512**

**Bill Subtitle: TO AMEND THE SALES AND USE TAX EXEMPTION FOR DENTAL APPLIANCES.**

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### **Basic Change :**

**Sponsor: Sen. Dismang**

SB512 expands the sales and use tax exemption for sales of dental appliances made for a specific patient. Under current law, a “dental appliance” means a dental device made for a specific patient, including a dental implant, orthodontic appliance, retainer, crown, bridge, or denture. See § 26-52-448. The sale of a dental appliance is exempt from sales and use tax.

SB512 expands the exemption to include component parts or attachments that become integral parts of a dental device and that cannot be used by another patient after final fabrication. SB512 also adds the following items to the definition of an exempt dental appliance: an abutment, a machined bar, a metal space maintainer, a metal wire, a metal bracket, and a metal band.

SB512 will be effective on the first day of the calendar quarter following the effective date of the act.

### **Revenue Impact :**

Unknown loss to State Revenues.

### **Taxpayer Impact :**

Under SB512, a dentist would no longer be required to charge their customer sales and use tax or self-assess sales and use tax as a withdrawal from stock on components and attachments consumed or used in conjunction with dental devices that were made for a specific patient.

### **Resources Required :**

None.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Updates to the sales and use tax rules will need to be promulgated.

### **Other Comments :**

None.

### **Legal Analysis :**

Under current law, the gross receipts derived from the sale of a dental device to or by a dentist, orthodontist, oral surgeon, maxillofacial surgeon, or endodontist are exempt from tax when the device

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is made for a specific patient. Examples of such devices are dental implants, orthodontic appliances, retainers, crowns, bridges, and dentures. The exemption does not apply to components and attachments used in conjunction with such devices.

SB512 would exempt from tax the gross receipts derived from the sale of components and attachments used in conjunction with a dental appliance. The bill would be effective on the first day of the calendar quarter following the effective date of the bill's enactment, as required under the Streamlined Sales and Use Tax Agreement.