

Department of Finance and Administration

Legislative Impact Statement

Bill: SB627

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

Basic Change :

Sponsors: Sen. Hester and Rep. Gray

SB627 would exempt from sales tax the gross receipts derived from sales of components and attachments for dental devices. Dental devices currently eligible for exemption are those that are made for a specific patient including without limitation a dental implant, orthodontic appliance, retainer, crown, bridge, or dentures. The bill would exempt components and attachments for these devices.

The act would be effective on the first day of the calendar quarter following the effective date of the act (October 1, 2019).

Revenue Impact :

Unknown loss to State Revenues.

Taxpayer Impact :

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

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SB627 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.