

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1719

Bill Subtitle: TO PROVIDE A SALES AND USE TAX EXEMPTION FOR PRODUCTS AND SERVICES RELATED TO ELECTRONIC PRESCRIBING; AND TO EXEMPT ELECTRONIC PRESCRIPTION SYSTEMS AND SERVICES FROM SALES AND USE TAX.

Basic Change :

Sponsors: Rep. Lundstrum and Sen. Crowell

HB1719 creates an exemption from sales and use tax for the sale of the service of providing the electronic transmission of a drug prescription directly to a pharmacy. To qualify for the exemption, the service must:

- Be provided directly to the pharmacy by an electronic prescription technology company; or
- Be provided indirectly to a pharmacy through a pharmacy software company or pharmacy management system.

HB1719 is effective on the first day of the calendar quarter following the effective date of the act.

Revenue Impact :

None.

Taxpayer Impact :

None.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

HB1719 may benefit from an amendment to define certain terms used in the bill: "prescription," "electronic prescription technology company," "pharmacy software company," and "pharmacy management system."

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The definition for prescription must match the definition used by the Streamlined Sales and Use Tax Agreement. 'Prescription' is defined under the Streamlined Agreement as "an order, formula or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed practitioner authorized by the laws of the state."