

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: Senate Bill 41 (First Edition)
SHORT TITLE: No Sales Tax on Prescription Drugs
SPONSOR(S): Senator Webster, et. al

(\$ Estimate) FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>
REVENUES					
State loss		\$4.2 to \$5.7 million			
Local loss		2.0 to 2.8 million			
Total loss		\$6.2 to \$8.5 million annually			
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	Department of Revenue Sales and Use Tax Division Local units of government that levy a sales and use tax				
EFFECTIVE DATE:	July 1, 1997				

BILL SUMMARY: The proposed act exempts all prescription drugs used in the treatment of humans and animals from the sales and use tax.

ASSUMPTIONS AND METHODOLOGY:

The estimated loss is based in part on information obtained from sales and use tax audits of different types of medical and dental practices, and in part on state and national data regarding numbers of physicians, dentist and veterinarians average practice size, and average expenditures.

SOURCE:

Tax Research Division, N.C. Department of Revenue

FISCAL RESEARCH DIVISION: 733-4910

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DATE: May 22, 1997



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