

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 22

(Senator Brinkley)

Budget and Taxation

Ways and Means

Sales and Use Tax - Exemption - Home Wheelchair Lifts and Stairlifts

This bill exempts the sale of home wheelchair lifts and stairlifts from the State sales and use tax.

The bill takes effect July 1, 2013.

Fiscal Summary

State Effect: General fund revenues decrease by a minimal amount beginning in FY 2014 depending on the number and price of home wheelchair lifts and stairlifts purchased each year. Under one set of assumptions, general fund revenues may decrease by \$72,000 annually. Expenditures are not affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The State sales and use tax does not apply to the sale of specified health and physical aids including (1) a hemodialysis drug or device, by a licensed pharmacist or by a person who holds a specified permit under the Health Occupations Article, directly to a hemodialysis patient requiring regular home treatment; (2) tangible personal property that is manufactured or adapted specifically to compensate for blindness, including braille slates and paper, items with braille markings, preset insulin syringes, and raised line drawing kits; (3) a decoder for captioned television programs for use by a hearing-impaired individual; (4) a telecommunications device that is adapted specifically for hearing-impaired individuals and is a device that changes digital codes into tones for

transmission through telephone lines, a flashing signal device, or a telebraille machine; (5) an artificial eye, hearing device, or limb; (6) a colostomy or ileostomy appliance; (7) corrective eyeglasses; (8) an orthopedic or surgical appliance prescribed by a physician and designed to be worn on the person of the user; (9) a battery for an artificial hearing device or larynx, transcutaneous nerve stimulator, or electrically powered wheelchair; (10) a replacement cord for an artificial hearing device; (11) crutches; (12) a wheelchair; (13) a hospital bed; (14) an oxygen tent; (15) any other sickroom equipment that the Comptroller defines by regulations or medical equipment that can withstand repeated use, is used exclusively to serve a medical purpose, is not useful to a person in the absence of illness or injury, and is for use in the home or on the individual's person; (16) tangible personal property for installation in a motor vehicle to provide access to the motor vehicle by an individual with a disability, or to permit an individual with a disability to operate the motor vehicle; (17) a wig or hairpiece needed as a result of documented medical or surgical treatment; (18) nicotine patches, nicotine gum, or any other product intended for use as an aid in tobacco use cessation and approved by the U.S. Food and Drug Administration for that purpose; or (19) certain tangible personal property that is manufactured for the purpose of initiating, supporting, or sustaining breastfeeding.

When certain types of medical equipment such as stairlifts and wheelchair lifts are installed and become a component of real property, these types of medical equipment are subject to the State sales and use tax.

Background: The State sales and use tax rate is 6%, except for the sale of alcoholic beverages, which are taxed at a rate of 9%. The sales and use tax is the State's second largest source of general fund revenue, accounting for \$4.1 billion in fiscal 2013 and \$4.3 billion in fiscal 2014, according to the December 2012 revenue forecast. **Exhibit 1** shows the sales and use tax rates in surrounding states and the District of Columbia.

Exhibit 1
Sales and Use Tax Rates in Maryland and Surrounding States

Delaware	0%
District of Columbia	6%
Maryland	6%
	9% for alcoholic beverages
Pennsylvania	6% plus 1% or 2% in certain local jurisdictions
Virginia	5%; 2.5% for food, both rates include 1% for local jurisdictions
West Virginia	6%; 1% for food

State Fiscal Effect: General fund revenues will decrease by a minimal amount beginning in fiscal 2014 for each home wheelchair lift or stairlift sold, depending on the number of home wheelchair lifts and stairlifts that are sold each year and the cost of each unit.

A search of several Internet websites indicates that a wheelchair lift costs, on average, approximately \$6,000; however, the cost does vary depending on the lifting height required. The cost of a stairlift can range from \$1,000 to \$14,000, again depending on the height and the type of staircase, as well as whether the stairlift is new or used. As such, sales taxes on the sale of a wheelchair lift will be \$360 and sales taxes on the sale of a stairlift will be \$180 (assuming an average cost of \$3,000) for each unit sold. Industry sources report that due to their expense, wheelchair lifts are sold in far fewer numbers than stairlifts. If, *for illustrative purposes only*, 50 wheelchair lifts and 300 stairlifts are sold each year, general fund revenues could decrease by approximately \$72,000 annually.

To the extent that the prices of stairlifts and wheelchair lifts vary from those used in the estimate, the effect on general fund revenues will vary accordingly.

Additional Information

Prior Introductions: SB 404 of 2012 passed in the Senate but received no further action from the House Ways and Means Committee.

Cross File: None.

Information Source(s): Comptroller's Office, Premier Lifts, 1 Mobility Solutions, Department of Legislative Services

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