



# HOUSE BILL 515: Adaptive Equipment Tax Benefit.

2017-2018 General Assembly

<b>Committee:</b>	House Finance	<b>Date:</b>	May 16, 2017
<b>Introduced by:</b>	Reps. Brody, Szoka, White, G. Graham	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	PCS to First Edition H515-CSSV-23		Committee Co-Counsel

**OVERVIEW:** House Bill 515 would exempt from sales and use tax adaptive vehicular equipment for disabled persons whether sold on a prescription or to a disabled veteran who receives financial assistance under the federal automobile and special adaptive equipment allowance program. The PCS makes a technical change to avoid any conflict with an existing defined term under the Streamlined Sales Tax Agreement.

## CURRENT LAW:

### Mobility enhancing equipment

Mobility enhancing equipment that is sold on a prescription is exempt from sales and use tax. Mobility enhancing equipment is defined as follows under the Streamlined Sales Tax Agreement:

1. Is primarily and customarily used to provide or increase the ability to move from one place to another and which is appropriate for use either in a home or a motor vehicle.
2. Is not generally used by persons with normal mobility.
3. Does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

### Automobile and Special Adaptive Equipment Grants

Financial assistance, in the form of a grant, is available for the purchase of a new or used automobile for veterans and servicemembers with certain disabilities that resulted from an injury or disease incurred or aggravated during active military service. The grant is paid directly to the seller of the automobile for the total price, up to \$20,235.20<sup>1</sup>, of the automobile. A veteran may only receive the automobile grant once in his or her lifetime. A veteran or servicemember must have one of the following disabilities to qualify for the automobile grant:

- Loss, or permanent loss of use, of one or both feet
- Loss, or permanent loss of use, of one or both hands
- Permanent impairment of vision in both eyes to a certain degree
- Severe burn injury
- Amyotrophic lateral sclerosis (ALS)

A veteran or servicemember may also be eligible for adaptive equipment. Adaptive equipment includes, but is not limited to, power steering, power brakes, power windows, power seats, and special equipment necessary to assist the eligible person into and out of the vehicle. The U.S. Department of Veterans

<sup>1</sup> This is the current rate for 2017.

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Affairs may provide financial assistance in purchasing adaptive equipment more than once. This benefit is payable to either the seller or the veteran or servicemember. To receive funds for adapting a vehicle to meet the needs of an injury, the same list of service-related injuries set out above applies, with the addition of ankylosis (immobility of the joint) of one or both knees or hips.

When a disabled veteran is purchasing a new or used automobile and having it upfitted with adaptive equipment at the time of purchase, the cost of that equipment is included in the retail price of the vehicle, which is not subject to sales tax but rather highway use tax. If the adaptive equipment is sold separately and installed at a later time, the equipment and the installation of the equipment would be subject to sales tax.

**BILL ANALYSIS:** House Bill 515 would exempt from sales and use tax adaptive vehicular equipment designed to assist disabled persons into, out of, or to operate a motor vehicle. The exemption would apply only in a situation where the equipment is being purchased and installed after the purchase of the vehicle. By virtue of being exempt from sales tax, the repair, maintenance, and installation of the equipment would also be exempt.

While there is currently an exemption for "mobility enhancing equipment," this term only covers equipment appropriate for use *in* a motor vehicle. Therefore, it would not cover an item such as a ramp or lift that functions outside of a motor vehicle. In addition, the current exemption requires that the item be sold with a prescription. House Bill 515 would permit a disabled veteran who qualifies for financial assistance under the federal automobile and special adaptive equipment grant program (38 USC § 3902) to purchase the equipment tax-free without having to obtain a prescription.

**EFFECTIVE DATE:** This bill would become effective July 1, 2017, and apply to sales made on or after that date.