

State of Rhode Island  
**Budget  
Office**  
Department of Administration

**State Fiscal Note for Bill  
Number: 2020-H-7694**

**Date of State Budget Office Approval:**

**Date Requested:** Wednesday, March 4, 2020

**Date Due:** Saturday, March 14, 2020

**Impact on Expenditures**

FY 2020 N/A

FY 2021 N/A

FY 2022 N/A

**Impact on Revenues**

FY 2020 N/A

FY 2021 No Impact

FY 2022 No Impact

**Explanation by State  
Budget Office:**

This bill would amend Rhode Island General Laws Chapter 44-18 entitled "Sales and Use Taxes – Liability and Computation" by adding to Rhode Island General Laws Section 44-18-30 titled "Gross receipts exempt from sales and use taxes" subsection (67), a provision that would exempt from sales and use tax scalp hair prosthesis that are prescribed by a physician and worn for hair loss suffered as a result of the treatment of any form of cancer or leukemia and for hair loss suffered as a result of alopecia areata.

Under Rhode Island General Laws Section 44-18-30(11) titled "Gross receipts exempt from sales and use taxes – Prosthetic devices and mobility enhancing equipment", a prosthetic device as defined in § 44-18-7.1(t), sold on prescription, including, but not limited to: artificial limbs, dentures, spectacles, eyeglasses, and artificial eyes; artificial hearing devices and hearing aids, whether or not sold on prescription; and mobility enhancing equipment are exempt from sales and use taxes. Under this provision, scalp hair prosthesis (hair systems and wigs) are also exempt from sales and use taxes.

**Comments on  
Sources of Funds:**

All sales and use taxes are general revenues.

**Summary of Facts  
and Assumptions:**

Scalp hair prosthesis prescribed by a physician is exempt pursuant to R.I. Gen. Laws § 44-18-30(11) as a prosthetic device. As this is already excluded from the tax base, there would be no revenue loss.

**Summary of Fiscal  
Impact:**

FY 2020: Not applicable given an assumed implementation date of July 1, 2020.

FY 2021: No general revenue impact is forecast.

FY 2022: No general revenue impact is forecast.

**Budget Office Signature:**

**Fiscal Advisor Signature:**

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Tuesday, August 11, 2020

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