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HOUSE BILL NO. 285

Offered January 9, 2002

Prefiled January 7, 2002

A BILL to amend and reenact § 58.1-609.7 of the Code of Virginia, relating to medical-related exemptions to sales and use tax.

 Patron—O'Bannon

 Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-609.7 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-609.7. Medical-related exemptions.

The tax imposed by this chapter or pursuant to the authority granted in §§ 58.1-605 and 58.1-606 shall not apply to the following:

1. Medicines, drugs, hypodermic syringes, artificial eyes, contact lenses, eyeglasses, eyeglass cases and contact lens storage containers when distributed free of charge, all solutions or sterilization kits or other devices applicable to the wearing or maintenance of contact lenses or eyeglasses when distributed free of charge, and hearing aids dispensed by or sold on prescriptions or work orders of licensed physicians, dentists, optometrists, ophthalmologists, opticians, audiologists, hearing aid dealers and fitters, nurse practitioners, physician assistants, and veterinarians; controlled drugs purchased for use by a licensed physician, optometrist, licensed nurse practitioner, or licensed physician assistant in his professional practice, regardless of whether such practice is organized as a sole proprietorship, partnership or professional corporation, or any other type of corporation in which the shareholders and operators are all licensed physicians, optometrists, licensed nurse practitioners, or licensed physician assistants engaged in the practice of medicine, optometry, or nursing, but excluding nursing homes, clinics, and similar corporations not otherwise exempt under this section; medicines and drugs purchased for use or consumption by a licensed hospital; and samples of prescription drugs and medicines and their packaging distributed free of charge to authorized recipients in accordance with the Federal Food, Drug and Cosmetic Act (21 U.S.C.A. § 301 et seq., as amended). Any veterinarian dispensing or selling medicines or drugs on prescription shall be deemed to be the user or consumer of all such medicines and drugs.

2. Wheelchairs and parts therefor, braces, crutches, prosthetic devices, orthopedic appliances, catheters, urinary accessories, other durable medical equipment and devices, and related parts and supplies specifically designed for those products; and insulin and insulin syringes, and equipment, devices or chemical reagents which may be used by a diabetic to test or monitor blood or urine, when such items or parts are purchased by or on behalf of an individual for use by such individual. Durable medical equipment is equipment which (i) can withstand repeated use, (ii) is primarily and customarily used to serve a medical purpose, (iii) generally is not useful to a person in the absence of illness or injury, and (iv) is appropriate for use in the home.

3. Drugs and supplies used in hemodialysis and peritoneal dialysis.

4. a. Ending July 1, 2003, tangible personal property for use or consumption by a nonprofit hospital or a nonprofit licensed nursing home.

b. Beginning July 1, 2001, and ending July 1, 2003, tangible personal property for use or consumption by a nonprofit hospice. For purposes of this subdivision, "hospice" shall mean an establishment caring for the needs of terminally ill patients.

5. Ending July 1, 2003, tangible personal property for use or consumption by community health centers exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and established for the purpose of providing health care services for areas of the Commonwealth containing a medically underserved population as defined by 42 U.S.C. § 254 c (b) (3).

6. Special equipment installed on a motor vehicle when purchased by a handicapped person to enable such person to operate the motor vehicle.

7. Ending July 1, 2003, tangible nonmedical personal property purchased by a nonprofit organization organized exclusively for the purpose of providing housing and ancillary assistance for individuals suffering from leukemia or oncological diseases, for other ill individuals, and for the families of such individuals during periods of medical treatment of such individuals at any hospital in the Commonwealth.

8. Ending July 1, 2003, tangible personal property purchased by a voluntary health organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized exclusively for

59 the purpose of providing direct therapeutic and rehabilitative services, such as speech therapy, physical
60 therapy, and camping and recreational activities, to the children and adults of this Commonwealth
61 regardless of the nature of their disease or socioeconomic position.

62 9. Special typewriters and computers and related parts and supplies specifically designed for those
63 products used by handicapped persons to communicate when such equipment is prescribed by a licensed
64 physician.

65 10. Ending July 1, 2003, tangible personal property purchased for use or consumption by health
66 maintenance organizations licensed under Chapter 43 (§ 38.2-4300 et seq.) of Title 38.2 which are
67 exempt from taxation under § 501 (c) (3) of the Internal Revenue Code.

68 11. Ending July 1, 2003, tangible personal property for use or consumption by a nonprofit, nonstock
69 corporation which is exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and which
70 is organized under the laws of the Commonwealth exclusively for the purpose of conducting a clinic
71 furnishing free health care services by licensed physicians and dentists.

72 12. Ending July 1, 2003, tangible personal property purchased for use or consumption by any
73 nonprofit hospital, cooperative or nonprofit hospital corporation organized and operated for the sole
74 purpose of providing services exclusively to nonprofit hospitals. This exemption shall not apply to any
75 nonprofit hospital, cooperative or nonprofit hospital corporation providing services of any kind or to any
76 extent to other than nonprofit hospitals.

77 13. From July 1, 1989, through June 30, 2001, tangible personal property purchased for use or
78 consumption by a nonprofit high blood pressure center which is used exclusively to provide medical
79 assistance to indigent persons diagnosed with hypertension.

80 14. Beginning July 1, 1989, and ending July 1, 2003, tangible personal property purchased for use or
81 consumption by a tissue bank exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
82 and established for purposes of procuring, preserving, processing, allocating or distributing bones,
83 organs, blood, skin and other human tissue to licensed physicians for clinical use.

84 15. a. Beginning July 1, 1998, (i) any nonprescription drugs and proprietary medicines purchased for
85 the cure, mitigation, treatment, or prevention of disease in human beings and (ii) any samples of
86 nonprescription drugs and proprietary medicines distributed free of charge by the manufacturer,
87 including packaging materials and constituent elements and ingredients.

88 b. The terms "nonprescription drugs" and "proprietary medicines" shall be defined pursuant to
89 regulations promulgated by the Department of Taxation. The exemption authorized in this subdivision
90 shall not apply to cosmetics.

91 16. Beginning July 1, 1994, and ending July 1, 2003, tangible personal property purchased for use or
92 consumption or sold by a volunteer medical services organization exempt from taxation under § 501 (c)
93 (3) of the Internal Revenue Code and established to provide reconstructive surgery and related health
94 care to indigent children and young adults in developing countries and the United States.

95 17. Beginning July 1, 1995, and ending July 1, 2003, tangible personal property purchased for use or
96 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal
97 Revenue Code and organized exclusively for educational, scientific, and charitable purposes relating to
98 the promotion of health within the boundaries of the Eighth Planning District established pursuant to
99 § 15.2-4203, including (i) operating a medical clinic which shall provide services without charge or shall
100 charge less than prevailing rates to those who are unable to obtain health care through conventional
101 means and (ii) educating and providing information to the general public regarding the treatment and
102 prevention of those conditions which commonly affect the poor.

103 18. Beginning July 1, 1995, and ending July 1, 2003, equipment and supplies purchased for use or
104 consumption by a nonprofit charitable organization which is exempt from taxation under § 501 (c) (3) of
105 the Internal Revenue Code and which is organized and operated exclusively for the purpose of providing
106 charitable, long-distance, advanced life-support, air ambulance services for low-income medical patients
107 in the Commonwealth.

108 19. From July 1, 1995, through June 30, 2001, tangible personal property purchased for use or
109 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal
110 Revenue Code, organized exclusively to provide medical and psychological evaluations and direct
111 therapeutic and rehabilitative medical and psychological treatment and services to child-abuse victims
112 within the boundaries of the Twenty-third Planning District established pursuant to § 15.2-4203.

113 20. Ending June 30, 2001, medical products and supplies, which are otherwise taxable, such as
114 bandages, gauze dressings, incontinence products and wound-care products, when purchased by a
115 Medicaid recipient through a Department of Medical Assistance Services provider agreement.

116 21. From July 1, 1995, through June 30, 2001, tangible personal property purchased for use or
117 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
118 and established to provide a comprehensive network of medical and psycho-social treatment to adults,
119 on both an inpatient and outpatient basis, or to adolescent patients in a residential setting, within the
120 boundaries of the Fifteenth Planning District established pursuant to § 15.2-4203.

22. Beginning July 1, 1996, and ending July 1, 2003, tangible personal property purchased for use or consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized and operated primarily to benefit a medical college affiliated with a state university by providing support services to and conducting the professional practices of faculty members associated with such medical college.

23. Beginning July 1, 1997, and ending July 1, 2003, tangible personal property purchased for use or consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and established at the initiative of the General Assembly and its Joint Commission on Health Care to increase access to primary and preventive health care for Virginia's uninsured and medically underserved citizens.

24. Beginning July 1, 1997, and ending July 1, 2003, tangible personal property purchased for use or consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and established to coordinate and facilitate the delivery of health care services to the children, aged birth to six years, of families whose incomes fall below the federal poverty level.

25. Beginning July 1, 1997, and ending July 1, 2003, tangible personal property purchased for use or consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized and operated to initiate, promote, assist, develop, maintain, and conduct, directly or indirectly, studies, investigations and research relating to the treatment and prevention of birth defects.

26. Beginning July 1, 1997, and ending July 1, 2003, tangible personal property purchased for use or consumption by a foundation exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and established to promote quality health care and health care education in the Roanoke Valley by promoting health care research, providing health care education, and establishing scholarships for needy and deserving students who are pursuing health care careers.

27. Beginning July 1, 1997, and ending July 1, 2003, tangible personal property purchased for use or consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and established to provide dental services within the boundaries of the Eighth Planning District established pursuant to § 15.2-4203 at reduced rates to the indigent by dentists and dental hygienists who volunteer their time.

28. Beginning July 1, 1995, and ending July 1, 2003, tangible personal property purchased for use or consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and established to provide patient, family and community education programs about cancer as well as free community cancer screenings and to acquire, own and operate an out-patient medical facility for the provision of radiation therapy services to cancer patients.

29. Beginning July 1, 1998, and ending July 1, 2003, tangible personal property purchased for use or consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and established to provide support and assistance to primary and secondary victims of Alzheimer's disease, their families, friends and communities; to facilitate community education of the disease; and to support research into its prevention.

30. Beginning July 1, 1998, and ending July 1, 2003, tangible personal property purchased for use or consumption by a corporation exempt from taxation under § 501 (c) (3) of the Internal Revenue Code which is organized exclusively to provide breast cancer support and outreach for the medically underserved, including free mammography programs.

31. Beginning July 1, 1998, and ending July 1, 2003, tangible personal property purchased for use or consumption by a nonprofit corporation organized under the laws of the Commonwealth which is exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized for the purposes of developing a coordinated citizens' voluntary movement to work toward improved care and treatment of persons affected with kidney disease, and improving methods and services in research, prevention, detection, diagnosis and treatment of kidney disease and disorders.

32. Beginning July 1, 2000, and ending July 1, 2003, tangible personal property purchased for use or consumption by a nonprofit corporation which is exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized to address the nationwide shortage of transplantable organs by promoting an increase in organ and tissue donation through campaigns in national print and broadcast media and community-based programs designed to educate the public about the virtues and benefits of organ and tissue donation.

33. Beginning July 1, 2000, and ending July 1, 2003, tangible personal property purchased for use or consumption by a nonprofit corporation which is exempt from federal income taxation pursuant to § 501 (c) (3) of the Internal Revenue Code and organized to provide medical services to individuals, regardless of economic status, with speech, hearing and language disorders, including such services as, but not limited to, evaluation, diagnosis and treatment.

34. Beginning July 1, 2000, and ending July 1, 2003, tangible personal property purchased for use or consumption by a nonprofit corporation located within the boundaries of the Twenty-Third District

182 established pursuant to § 15.2-4203, exempt from taxation under § 501 (c) (3) of the Internal Revenue
183 Code and organized to provide support services to terminally ill persons and their caregivers, including
184 but not limited to, cancer information, bereavement care, transportation assistance, and time out for
185 family members.

186 35. Beginning July 1, 2000, and ending July 1, 2003, tangible personal property purchased for use or
187 consumption by a corporation exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
188 which is located within the boundaries of the Eighth Planning District established pursuant to
189 § 15.2-4203 and organized to provide housing facilities and services specially designed to meet the
190 physical, social and employment needs of the physically disabled and to promote their health, security
191 and happiness in an effort to assist them in achieving social and economic self-sufficiency.

192 36. Effective retroactive to August 1, 1995, and ending July 1, 2003, tangible personal property
193 purchased for use or consumption by a nonprofit organization which is exempt from taxation under
194 § 501 (c) (3) of the Internal Revenue Code and organized to (i) foster the faith of students in healthcare
195 graduate studies on the campus of the Medical College of Virginia, (ii) encourage and develop medical
196 missions overseas, (iii) promote and support volunteer services in medical and dental care for the needy
197 and homeless, and (iv) discourage out-of-wedlock teenage sexual activity.

198 37. Beginning July 1, 2001, and ending July 1, 2003, tangible personal property purchased for use or
199 consumption by a nonprofit corporation that is exempt from taxation under § 501 (c) (3) of the Internal
200 Revenue Code and organized to improve health care in Grenada by (i) offering continuing medical and
201 nursing education, (ii) providing medical supplies and equipment, and (iii) using donated funds and
202 services of volunteer groups, professionals and corporations.

203 38. Beginning July 1, 2001, and ending July 1, 2003, tangible personal property purchased for use or
204 consumption by a nonprofit corporation that is exempt from taxation under § 501 (c) (3) of the Internal
205 Revenue Code and organized to (i) make quality hospice care available to persons with life threatening
206 illnesses, their families and those affected by death and dying, (ii) advocate effectively for patient
207 comfort, dignity and choice, and (iii) be recognized as a leading resource in clinical, ethical, and
208 spiritual issues of dying and grief.

209 39. Beginning July 1, 2001, and ending July 1, 2003, tangible personal property purchased for use or
210 consumption by a nonprofit corporation that is exempt from taxation under § 501 (c) (3) of the Internal
211 Revenue Code and organized to improve the recovery and quality of life for survivors of brain injury
212 and their families by providing outreach to more than 10,000 families annually in the form of
213 information and referral assistance.

214 40. Beginning July 1, 2001, and ending July 1, 2003, tangible personal property purchased for use or
215 consumption by a nonprofit corporation that is exempt from taxation under § 501 (c) (3) of the Internal
216 Revenue Code and organized to provide physical, psychological, social and spiritual care for terminally
217 ill persons and their families.

218 41. Beginning July 1, 2001, and ending July 1, 2003, tangible personal property purchased for use or
219 consumption by a nonprofit corporation that is exempt from taxation under § 501 (c) (3) of the Internal
220 Revenue Code and organized to (i) provide comprehensive reproductive and complementary health care
221 services in settings that preserve and protect the essential privacy and rights of each individual, (ii)
222 advocate public policies that guarantee these rights and ensure access to such services, and (iii) provide
223 educational programs that enhance understanding of individual and societal implications of human
224 sexuality.

225 42. Beginning July 1, 2001, and ending July 1, 2003, tangible personal property purchased for use or
226 consumption by a nonprofit corporation that is exempt from taxation under § 501 (c) (3) of the Internal
227 Revenue Code and organized to support the charitable, scientific, and educational activities of a hospital
228 by providing a comprehensive range of high quality health care services.

229 43. Beginning July 1, 2001, and ending July 1, 2003, tangible personal property purchased for use or
230 consumption by a nonprofit corporation that is exempt from taxation under § 501 (c) (3) of the Internal
231 Revenue Code and organized to identify and support innovative and creative health and quality of life
232 improvements throughout the community in which it is located and in surrounding communities.

233 44. Beginning July 1, 2001, and ending July 1, 2002, tangible personal property purchased for use or
234 consumption by a nonprofit organization exempt from federal income taxation pursuant to § 501 (c) (3)
235 of the Internal Revenue Code and organized to improve access to primary health care for all Virginians
236 by, including but not limited to, providing technical assistance to communities in developing
237 not-for-profit primary care medical practices.

238 45. Beginning July 1, 2002, and ending July 1, 2003, tangible personal property purchased for use
239 or consumption by a nonprofit organization exempt from federal income taxation pursuant to § 501 (c)
240 (3) of the Internal Revenue Code and organized to provide networking opportunities and other
241 assistance to free medical clinics that provide medical assistance to needy individuals.