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HOUSE BILL NO. 1553

Offered January 11, 1995

A *BILL to amend and reenact § 58.1-609.7 of the Code of Virginia, relating to medical-related exemptions of the Virginia Retail Sales and Use Tax Act.*

Patrons—Copeland, Guest, Heilig, Johnson, Jones, J.C., Moss and Robinson

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 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, and veterinarians; and controlled drugs purchased for use by a licensed physician 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 engaged in the practice of medicine, but excluding hospitals, nursing homes, clinics, and similar corporations not otherwise exempt under this section. 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. Tangible personal property for use or consumption by a nonprofit hospital or a nonprofit licensed nursing home.

5. 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. 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. 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 the purpose of providing direct therapeutic and rehabilitative services, such as speech therapy, physical therapy, and camping and recreational activities, to the children and adults of this Commonwealth regardless of the nature of their disease or socio-economic position.

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

10. Tangible personal property purchased for use or consumption by health maintenance organizations licensed under Chapter 43 (§ 38.2-4300 et seq.) of Title 38.2 which are exempt from taxation under § 501 (c) (3) of the Internal Revenue Code.

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

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HB1553

60 12. Tangible personal property purchased for use or consumption by any nonprofit hospital
61 cooperative or nonprofit hospital corporation organized and operated for the sole purpose of providing
62 services exclusively to nonprofit hospitals. This exemption shall not apply to any nonprofit hospital,
63 cooperative or nonprofit hospital corporation providing services of any kind or to any extent to other
64 than nonprofit hospitals.

65 13. From July 1, 1989, through June 30, 1998, tangible personal property purchased for use or
66 consumption by a nonprofit high blood pressure center which is used exclusively to provide medical
67 assistance to indigent persons diagnosed with hypertension.

68 14. From July 1, 1989, through June 30, 1998, tangible personal property purchased for use or
69 consumption by a tissue bank exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
70 and established for purposes of procuring, preserving, processing, allocating or distributing bones,
71 organs, blood, skin and other human tissue to licensed physicians for clinical use.

72 15. Beginning July 1, 1996, any nonprescription drugs and proprietary medicines purchased for the
73 cure, mitigation, treatment, or prevention of disease in human beings. The terms "nonprescription drugs"
74 and "proprietary medicines" shall be defined pursuant to regulations promulgated by the Department of
75 Taxation. The exemption authorized in this subdivision shall not apply to cosmetics.

76 16. From July 1, 1994, through June 30, 1998, tangible personal property purchased for use or
77 consumption or sold by a volunteer medical services organization exempt from taxation under § 501 (c)
78 (3) of the Internal Revenue Code and established to provide reconstructive surgery and related health
79 care to indigent children and young adults in developing countries and the United States.

80 17. *From July 1, 1995, through June 30, 1998, tangible personal property purchased for use or*
81 *consumption by a nonprofit charitable organization which is exempt from taxation under § 501 (c) (3) of*
82 *the Internal Revenue Code and organized and operated exclusively for the purpose of providing*
83 *assistance to individuals suffering from multiple sclerosis in the Commonwealth and to the families of*
84 *such individuals, and for research relating to the prevention and treatment of multiple sclerosis.*