

LD3182396

HOUSE BILL NO. 1609

Offered January 11, 1995

A BILL to amend and reenact §§ 58.1-609.7, 58.1-1505, 58.1-2106 and 58.1-2118 of the Code of Virginia, relating to medical-related exemptions of the Virginia Retail Sales and Use Tax Act and the Aircraft Sales and Use Tax.

Patrons—Parrish and Wagner; Senator: Colgan

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-609.7, 58.1-1505, 58.1-2106, and 58.1-2118 of the Code of Virginia are 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

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60 the laws of the Commonwealth exclusively for the purpose of conducting a clinic furnishing free health
61 care services by licensed physicians and dentists.

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

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

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

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

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

82 17. *From July 1, 1995, through June 30, 1998, equipment and supplies purchased for use or*
83 *consumption by a nonprofit charitable organization which is exempt from taxation under § 501 (c) (3) of*
84 *the Internal Revenue Code and which is organized and operated exclusively for the purpose of providing*
85 *charitable, long-distance, advanced life-support, air ambulance services for low-income medical patients*
86 *in the Commonwealth.*

87 § 58.1-1505. Exemptions.

88 Any aircraft sold to or used by (i) the United States or any of the governmental agencies thereof, (ii)
89 the Commonwealth of Virginia or any political subdivision thereof, ~~or~~ (iii) any airline operating in
90 intrastate, interstate or foreign commerce as a common carrier providing scheduled air service on a
91 continuing basis to one or more Virginia airports, *or (iv) any nonprofit charitable organization which is*
92 *exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and which is organized and*
93 *operated exclusively for the purpose of providing charitable, long-distance, advanced life-support, air*
94 *ambulance services for low-income medical patients in the Commonwealth shall be exempt from the tax*
95 *imposed by this chapter.*

96 § 58.1-2106. Exemptions from tax.

97 A. Each dealer, limited dealer, or jobber in motor fuels shall be exempt from the payment of any
98 motor fuel taxes on such motor fuels:

99 1. Sold and delivered by a dealer in the Commonwealth to the Commonwealth or any political
100 subdivision thereof for the exclusive use by the Commonwealth or any political subdivision thereof; or

101 2. Sold and delivered by a dealer in the Commonwealth to the United States or its departments,
102 agencies and instrumentalities for the exclusive use by the United States or its departments, agencies and
103 instrumentalities.

104 The term "exclusive use by the United States or its departments, agencies and instrumentalities" shall
105 be construed to specifically exclude the use of such motor fuel by any person, whether operating under
106 contract with the United States or its departments, agencies and instrumentalities or not, if the original
107 purchase by such person from a dealer would have rendered the dealer liable for the payment of motor
108 fuel taxes under the laws of this Commonwealth.

109 B. *No tax shall be levied or collected pursuant to this article on a motor fuel used for the operation*
110 *of aircraft by any nonprofit charitable organization which is exempt from taxation under § 501 (c) (3) of*
111 *the Internal Revenue Code and which is organized and operated exclusively for the purpose of providing*
112 *charitable, long-distance, advanced life-support, air ambulance services for low-income medical patients*
113 *in the Commonwealth.*

114 § 58.1-2118. Exemptions from tax.

115 No tax shall be levied or collected pursuant to this article on:

116 1. Special fuel sold to the United States or its departments, agencies and instrumentalities thereof;

117 2. Special fuel sold to the Commonwealth of Virginia or any political subdivision thereof;

118 3. Special fuel sold to any volunteer fire-fighting company or volunteer rescue squad within the
119 Commonwealth for use in equipment used for fire-fighting or rescue purposes;

120 4. Aviation special fuel sold to aviation consumers *or to nonprofit charitable organizations which are*
121 *exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and which are organized and*

122 *operated exclusively for the purpose of providing charitable, long-distance, advanced life-support, air*
123 *ambulance services for low-income medical patients in the Commonwealth;*

124 5. Liquid petroleum gas, commonly referred to as "LP gas" or "propane gas," sold or delivered to
125 any licensed reseller or bulk user that does not own or operate a motor vehicle propelled by liquefied
126 petroleum gas or maintain storage facilities for resale or delivery of such fuel for highway consumption;
127 or

128 6. Special fuel delivered into bulk storage facilities of any licensed reseller or bulk user which have
129 an exemption certificate affixed thereto.

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