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HOUSE BILL NO. 1665

Offered January 8, 1997

Prefiled January 7, 1997

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

Patron—DeBoer

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, nurse practitioners, physician's assistants, and veterinarians; 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; 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. 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.

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

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

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

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

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

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

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

87 17. From July 1, 1995, through June 30, 1998, tangible personal property purchased for use or
88 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal
89 Revenue Code and organized exclusively for educational, scientific, and charitable purposes relating to
90 the promotion of health within the boundaries of the Eighth Planning District established pursuant to
91 § 15.1-1403, including (i) operating a medical clinic which shall provide services without charge or shall
92 charge less than prevailing rates to those who are unable to obtain health care through conventional
93 means and (ii) educating and providing information to the general public regarding the treatment and
94 prevention of those conditions which commonly affect the poor.

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

100 19. From July 1, 1995, through June 30, 1998, tangible personal property purchased for use or
101 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal
102 Revenue Code, organized exclusively to provide medical and psychological evaluations and direct
103 therapeutic and rehabilitative medical and psychological treatment and services to child-abuse victims
104 within the boundaries of the Twenty-third Planning District established pursuant to § 15.1-1403.

105 20. Through June 30, 1998, medical products and supplies, which are otherwise taxable, such as
106 bandages, gauze dressings, incontinence products and wound-care products, when purchased by a
107 Medicaid recipient through a Department of Medical Assistance Services provider agreement.

108 21. From July 1, 1995, through June 30, 1998, tangible personal property purchased for use or
109 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
110 and established to provide a comprehensive network of medical and psycho-social treatment to adults,
111 on both an inpatient and outpatient basis, or to adolescent patients in a residential setting, within the
112 boundaries of the Fifteenth Planning District established pursuant to § 15.1-1403.

113 22. From July 1, 1996, through June 30, 1998, tangible personal property purchased for use or
114 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
115 and organized and operated primarily to benefit a medical college affiliated with a state university by
116 providing support services to and conducting the professional practices of faculty members associated
117 with such medical college.