

## VIRGINIA ACTS OF ASSEMBLY — CHAPTER

*An Act to amend and reenact §§ 58.1-609.7 and 58.1-609.10 of the Code of Virginia, relating to sales and use tax exemptions.*

[H 1552]

Approved

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 58.1-609.7 and 58.1-609.10 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, nurse practitioners, physician 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.

11. Tangible personal property for use or consumption by a nonprofit, nonstock corporation which is

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57 exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and which is organized under  
58 the laws of the Commonwealth exclusively for the purpose of conducting a clinic furnishing free health  
59 care services by licensed physicians and dentists.

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, 1999, 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, 1999, 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. a. Beginning July 1, 1998, (i) any nonprescription drugs and proprietary medicines purchased for  
73 the cure, mitigation, treatment, or prevention of disease in human beings and (ii) any samples of  
74 nonprescription drugs and proprietary medicines distributed free of charge by the manufacturer,  
75 including packaging materials and constituent elements and ingredients.

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

79 16. From July 1, 1994, through June 30, 1999, tangible personal property purchased for use or  
80 consumption or sold by a volunteer medical services organization exempt from taxation under § 501 (c)  
81 (3) of the Internal Revenue Code and established to provide reconstructive surgery and related health  
82 care to indigent children and young adults in developing countries and the United States.

83 17. From July 1, 1995, through June 30, 1999, tangible personal property purchased for use or  
84 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal  
85 Revenue Code and organized exclusively for educational, scientific, and charitable purposes relating to  
86 the promotion of health within the boundaries of the Eighth Planning District established pursuant to  
87 § 15.2-4203, including (i) operating a medical clinic which shall provide services without charge or shall  
88 charge less than prevailing rates to those who are unable to obtain health care through conventional  
89 means and (ii) educating and providing information to the general public regarding the treatment and  
90 prevention of those conditions which commonly affect the poor.

91 18. From July 1, 1995, through June 30, 1999, equipment and supplies purchased for use or  
92 consumption by a nonprofit charitable organization which is exempt from taxation under § 501 (c) (3) of  
93 the Internal Revenue Code and which is organized and operated exclusively for the purpose of providing  
94 charitable, long-distance, advanced life-support, air ambulance services for low-income medical patients  
95 in the Commonwealth.

96 19. From July 1, 1995, through June 30, 1999, tangible personal property purchased for use or  
97 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal  
98 Revenue Code, organized exclusively to provide medical and psychological evaluations and direct  
99 therapeutic and rehabilitative medical and psychological treatment and services to child-abuse victims  
100 within the boundaries of the Twenty-third Planning District established pursuant to § 15.2-4203.

101 20. Through June 30, 1999, medical products and supplies, which are otherwise taxable, such as  
102 bandages, gauze dressings, incontinence products and wound-care products, when purchased by a  
103 Medicaid recipient through a Department of Medical Assistance Services provider agreement.

104 21. From July 1, 1995, through June 30, 1999, tangible personal property purchased for use or  
105 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code  
106 and established to provide a comprehensive network of medical and psycho-social treatment to adults,  
107 on both an inpatient and outpatient basis, or to adolescent patients in a residential setting, within the  
108 boundaries of the Fifteenth Planning District established pursuant to § 15.2-4203.

109 22. From July 1, 1996, through June 30, 1999, tangible personal property purchased for use or  
110 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code  
111 and organized and operated primarily to benefit a medical college affiliated with a state university by  
112 providing support services to and conducting the professional practices of faculty members associated  
113 with such medical college.

114 23. From July 1, 1997, through June 30, 1999, tangible personal property purchased for use or  
115 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal  
116 Revenue Code and established at the initiative of the General Assembly and its Joint Commission on  
117 Health Care to increase access to primary and preventive health care for Virginia's uninsured and

medically underserved citizens.

24. From July 1, 1997, through June 30, 1999, 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. From July 1, 1997, through June 30, 1999, 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. From July 1, 1997, through June 30, ~~1999~~ 2000, 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. From July 1, 1997, through June 30, 1999, 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. From July 1, ~~1998~~ 1995, through June 30, 1999, 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. From July 1, 1998, through June 30, 1999, 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. From July 1, 1998, through June 30, ~~1999~~ 2000, 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. From July 1, 1998, through June 30, 1999, 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.

§ 58.1-609.10. Miscellaneous 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. Artificial or propane gas, firewood, coal or home heating oil used for domestic consumption. "Domestic consumption" means the use of artificial or propane gas, firewood, coal or home heating oil by an individual purchaser for other than business, commercial or industrial purposes. The Tax Commissioner shall establish by regulation a system for use by dealers in classifying individual purchases for domestic or nondomestic use based on the principal usage of such gas, wood, coal or oil. Any person making a nondomestic purchase and paying the tax pursuant to this chapter who uses any portion of such purchase for domestic use may, between the first day of the first month and the fifteenth day of the fourth month following the year of purchase, apply for a refund of the tax paid on the domestic use portion.

2. An occasional sale, as defined in § 58.1-602.

3. Tangible personal property for future use by a person for taxable lease or rental as an established business or part of an established business, or incidental or germane to such business, including a simultaneous purchase and taxable leaseback.

4. Delivery of tangible personal property outside the Commonwealth for use or consumption outside of the Commonwealth. Delivery of goods destined for foreign export to a factor or export agent shall be deemed to be delivery of goods for use or consumption outside of the Commonwealth.

5. Sales of tangible personal property to a nonsectarian youth organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and sponsoring a national or international camping assembly within this Commonwealth for seven continuous days or more with attendance in excess of

20,000, which sale of tangible personal property is for use or consumption at such camping assembly.

6. Tangible personal property purchased with food coupons issued by the United States Department of Agriculture under the Food Stamp Program or drafts issued through the Virginia Special Supplemental Food Program for Women, Infants, and Children.

7. From July 1, 1995, through June 30, 1999, 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 organized exclusively to promote efficiency and fairness in the offer and sale of securities for the benefit of investors, securities issuers, and the general public, by providing for electronic communication, filing, processing, dissemination and review of securities registration materials, and by serving as a database for securities law information filed with regulators having primary and immediate authority to administer the regulation of the commerce of securities.

8. From July 1, 1995, through June 30, 1999, tangible personal property purchased for use in the construction of improvements which are to be used solely for affordable rental dwelling units for persons who are of the age of at least 62 years, if at least part of the funds for site development and the construction are provided by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and if the amount of funds which would otherwise have to be provided by the tax exempt organization is reduced by the amount of the sales and use tax exemption. The rental units shall be considered to be affordable if the rent charged meets the criteria of the Federal Low Income Housing Tax Credit Program.

9. From July 1, 1995, through June 30, 1999, tangible personal property donated or sold for distribution to individuals in the United States who have been victims of a natural disaster which has been declared a disaster for federal aid purposes by the President of the United States.

10. From July 1, 1995, through June 30, 1999, copies of medical records purchased by an attorney or his law firm for use in case preparations.

11. From July 1, 1997, through June 30, 1999, tangible personal property purchased for use or consumption by a nonstock, nonprofit corporation organized under the laws of the State of Delaware which is exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and was formed for the purposes of (i) promoting the development of the private sector of the nation of Romania and (ii) carrying out all other purposes and policies of, and complying with, the relevant sections of the Support For East European Democracy Act of 1989 (P.L. 101-179, 22 U.S.C. § 5401 et seq.).

12. From July 1, 1997, through June 30, 1999, 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 organized exclusively to promote the social welfare and defend the human rights of persons born and unborn.

13. From July 1, 1997, through June 30, 1999, livestock sold at auction by a chamber of commerce exempt from taxation under § 501 (c) (6) of the Internal Revenue Code, provided that the proceeds of such auction are distributed to contestants in a junior livestock show and sale.

14. From July 1, 1997, through June 30, 1999 2000, tangible personal property purchased for use or consumption by any civic youth organization or corporation which is organized solely for the purpose of promoting community little league-type baseball or softball.

15. From July 1, 1997, through June 30, 1999, a professional's provision of original, revised, edited, reformatted or copied documents, including but not limited to documents stored on or transmitted by electronic media, to its client or to third parties in the course of the professional's rendition of services to its clientele.

16. From July 1, 1997, through June 30, 1999, lodging and meals for members paid by and tangible personal property purchased for use or consumption by a nonprofit veterans association exempt from taxation under § 501 (c) (19) of the Internal Revenue Code and which is organized to provide scholarships to National Guard members and their families, extra life insurance for National Guard members, and interest-free loans to National Guard members who have lost their full-time jobs, homes or cars.

17. From July 1, 1998, through June 30, 1999, tangible personal property purchased for use or consumption by any organization which is organized solely for the purpose of operating a nonprofit swim team for children ages eighteen and under.

18. From July 1, 1998, through June 30, 1999, tangible personal property purchased for use or consumption by a nonprofit corporation exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized exclusively to promote long-distance running as a competitive sport and healthful exercise through publications, videos, races, training runs, safety workshops, clinics and cooperative fitness events with local communities.

19. From July 1, 1998, through June 30, 1999, tangible personal property purchased for use or consumption by a nonprofit corporation organized under the laws of the Commonwealth which is exempt from federal income taxation pursuant to § 501 (c) (3) of the Internal Revenue Code and is

organized and operated exclusively to sponsor and promote baseball programs for boys ages thirteen through eighteen and to sponsor baseball tournaments from local through state levels.

20. From July 1, 1998, through June 30, 1999, tangible personal property purchased for use or consumption by a nonprofit organization which is exempt from federal income taxation pursuant to § 501 (c) (3) of the Internal Revenue Code and is organized exclusively to advance the moral character of and promote sportsmanship, team spirit, fair play, honesty and patriotism among youth by providing and supervising a community soccer program.

21. From July 1, 1998, through June 30, 1999, 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 organized exclusively to promote the many historic, cultural and natural qualities of a unique region that was once a stage for Civil War activity and continues to be a rich resource of rural and traditional town cultures and recreational activities.

22. From July 1, 1998, through June 30, 1999, tangible personal property purchased for use or consumption by a nonprofit corporation exempt from taxation under § 501 (c) (3) of the Internal Revenue Code which is organized for the purpose of fostering economic development by working with owners or managers of small businesses to create jobs, make capital investments, and increase sales, and which receives funding from the Department of Business Assistance, the U.S. Small Business Administration, and political subdivisions of the Commonwealth.

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