

994444200

## HOUSE BILL NO. 1650

Offered January 13, 1999

A *BILL to amend and reenact § 58.1-609.7 of the Code of Virginia, relating to medical-related exemptions to the 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, *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 *or optometrist* 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 *or optometrists* engaged in the practice of medicine *or optometry*, 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

INTRODUCED

HB1650

60 organizations licensed under Chapter 43 (§ 38.2-4300 et seq.) of Title 38.2 which are exempt from  
61 taxation under § 501 (c) (3) of the Internal Revenue Code.

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

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

71 13. From July 1, 1989, through June 30, 1999, tangible personal property purchased for use or  
72 consumption by a nonprofit high blood pressure center which is used exclusively to provide medical  
73 assistance to indigent persons diagnosed with hypertension.

74 14. From July 1, 1989, through June 30, 1999, tangible personal property purchased for use or  
75 consumption by a tissue bank exempt from taxation under § 501 (c) (3) of the Internal Revenue Code  
76 and established for purposes of procuring, preserving, processing, allocating or distributing bones,  
77 organs, blood, skin and other human tissue to licensed physicians for clinical use.

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

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

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

89 17. From July 1, 1995, through June 30, 1999, tangible personal property purchased for use or  
90 consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal  
91 Revenue Code and organized exclusively for educational, scientific, and charitable purposes relating to  
92 the promotion of health within the boundaries of the Eighth Planning District established pursuant to  
93 § 15.2-4203, including (i) operating a medical clinic which shall provide services without charge or shall  
94 charge less than prevailing rates to those who are unable to obtain health care through conventional  
95 means and (ii) educating and providing information to the general public regarding the treatment and  
96 prevention of those conditions which commonly affect the poor.

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

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

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

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

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

120 23. From July 1, 1997, through June 30, 1999, tangible personal property purchased for use or  
121 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. 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, 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, 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, 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.

**2. That the provisions of this act are declaratory of existing law.**