

992504138

SENATE BILL NO. 869

Offered January 13, 1999

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

Patrons—Trumbo; Delegate: Griffith

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 assistants, and veterinarians, *including medicines and drugs purchased by hospitals and subsequently sold to patients*; 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.

INTRODUCED

SB869

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.

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

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

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

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

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

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

17. 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 for educational, scientific, and charitable purposes relating to the promotion of health within the boundaries of the Eighth Planning District established pursuant to § 15.2-4203, including (i) operating a medical clinic which shall provide services without charge or shall charge less than prevailing rates to those who are unable to obtain health care through conventional means and (ii) educating and providing information to the general public regarding the treatment and prevention of those conditions which commonly affect the poor.

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

19. 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, organized exclusively to provide medical and psychological evaluations and direct therapeutic and rehabilitative medical and psychological treatment and services to child-abuse victims within the boundaries of the Twenty-third Planning District established pursuant to § 15.2-4203.

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

21. From July 1, 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 a comprehensive network of medical and psycho-social treatment to adults, on both an inpatient and outpatient basis, or to adolescent patients in a residential setting, within the boundaries of the Fifteenth Planning District established pursuant to § 15.2-4203.

22. From July 1, 1996, 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 primarily to benefit a medical college affiliated with a state university by providing support services to and conducting the professional practices of faculty members associated with such medical college.

23. 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 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

122 medically underserved citizens.

123 24. From July 1, 1997, through June 30, 1999, tangible personal property purchased for use or
124 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
125 and established to coordinate and facilitate the delivery of health care services to the children, aged birth
126 to six years, of families whose incomes fall below the federal poverty level.

127 25. From July 1, 1997, through June 30, 1999, tangible personal property purchased for use or
128 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
129 and organized and operated to initiate, promote, assist, develop, maintain, and conduct, directly or
130 indirectly, studies, investigations and research relating to the treatment and prevention of birth defects.

131 26. From July 1, 1997, through June 30, 1999, tangible personal property purchased for use or
132 consumption by a foundation exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
133 and established to promote quality health care and health care education in the Roanoke Valley by
134 promoting health care research, providing health care education, and establishing scholarships for needy
135 and deserving students who are pursuing health care careers.

136 27. From July 1, 1997, through June 30, 1999, tangible personal property purchased for use or
137 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
138 and established to provide dental services within the boundaries of the Eighth Planning District
139 established pursuant to § 15.2-4203 at reduced rates to the indigent by dentists and dental hygienists
140 who volunteer their time.

141 28. From July 1, 1998, through June 30, 1999, tangible personal property purchased for use or
142 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
143 and established to provide patient, family and community education programs about cancer as well as
144 free community cancer screenings and to acquire, own and operate an out-patient medical facility for the
145 provision of radiation therapy services to cancer patients.

146 29. From July 1, 1998, through June 30, 1999, tangible personal property purchased for use or
147 consumption by an organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
148 and established to provide support and assistance to primary and secondary victims of Alzheimer's
149 disease, their families, friends and communities; to facilitate community education of the disease; and to
150 support research into its prevention.

151 30. From July 1, 1998, through June 30, 1999, tangible personal property purchased for use or
152 consumption by a corporation exempt from taxation under § 501 (c) (3) of the Internal Revenue Code
153 which is organized exclusively to provide breast cancer support and outreach for the medically
154 underserved, including free mammography programs.

155 31. From July 1, 1998, through June 30, 1999, tangible personal property purchased for use or
156 consumption by a nonprofit corporation organized under the laws of the Commonwealth which is
157 exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and organized for the purposes
158 of developing a coordinated citizens' voluntary movement to work toward improved care and treatment
159 of persons affected with kidney disease, and improving methods and services in research, prevention,
160 detection, diagnosis and treatment of kidney disease and disorders.