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HOUSE BILL NO. 1509

Offered January 11, 1995

A BILL to amend and reenact §§ 58.1-609.7 and 58.1-609.10 of the Code of Virginia, relating to exemptions from the Virginia Retail Sales and Use Tax Act.

Patrons—Connally, Almand and Darner

Referred to Committee on Finance

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, 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 the laws of the Commonwealth exclusively for the purpose of conducting a clinic furnishing free health

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HB1509

60 care services by licensed physicians and dentists.

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

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

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

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

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

81 17. *From July 1, 1995, through June 30, 1998, tangible personal property purchased for use or*
82 *consumption by a nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal*
83 *Revenue Code and organized exclusively for educational, scientific, and charitable purposes relating to*
84 *the promotion of health, including (i) operating a medical clinic which shall be free of charge or shall*
85 *charge less than prevailing rates to those who are unable to obtain health care through conventional*
86 *means and (ii) educating and providing information to the general public regarding the treatment and*
87 *prevention of those conditions which commonly affect the poor.*

88 § 58.1-609.10. Miscellaneous exemptions.

89 The tax imposed by this chapter or pursuant to the authority granted in §§ 58.1-605 and 58.1-606
90 shall not apply to the following:

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

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

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

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

107 5. Sales of tangible personal property to a nonsectarian youth organization exempt from taxation
108 under § 501 (c) (3) of the Internal Revenue Code and sponsoring a national or international camping
109 assembly within this Commonwealth for seven continuous days or more with attendance in excess of
110 20,000, which sale of tangible personal property is for use or consumption at such camping assembly.

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

114 7. *From July 1, 1995, through June 30, 1999, tangible personal property purchased and sold by a*
115 *nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code and*
116 *organized exclusively to promote efficiency and fairness in the offer and sale of securities for the benefit*
117 *of investors, securities issuers, and the general public, by providing for electronic communication, filing,*
118 *processing, dissemination and review of securities registration materials, and by serving as a database*
119 *for securities law information filed with regulators having primary and immediate authority to*
120 *administer the regulation of the commerce of securities.*