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## SENATE BILL NO. 416

Offered January 22, 1996

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

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Patrons—Walker and Chichester

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Referred to the Committee on Finance

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**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, ~~physicians's~~ *physician's* assistants, 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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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, 1996/1998, any nonprescription drugs and proprietary medicines purchased for  
74 the cure, mitigation, treatment, or prevention of disease in human beings. The terms "nonprescription  
75 drugs" and "proprietary medicines" shall be defined pursuant to regulations promulgated by the  
76 Department of 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 within the boundaries of the Eighth Planning District established pursuant to  
85 § 15.1-1403, including (i) operating a medical clinic which shall provide services without charge or shall  
86 charge less than prevailing rates to those who are unable to obtain health care through conventional  
87 means and (ii) educating and providing information to the general public regarding the treatment and  
88 prevention of those conditions which commonly affect the poor.

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

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

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

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