

1 HB88
2 115574-1
3 By Representative Gipson
4 RFD: Education Appropriations
5 First Read: 12-JAN-10
6 PFD: 01/06/2010

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8 SYNOPSIS: Under current state sales tax law,
9 medicines prescribed by a physician and
10 subsequently filled by a licensed pharmacist are
11 exempt from sales taxation.

12 Certain items which are more commonly
13 recognized as "Over-the-Counter" medications, that
14 are being purchased with increasing frequency by
15 individuals for medically related uses often place
16 a financial burden on their users. In order to
17 grant tax relief for the rising cost of obtaining
18 certain medically necessary products, this Act
19 would provide further sales tax exemptions.

20
21 A BILL
22 TO BE ENTITLED
23 AN ACT
24

25 In order to grant tax relief for the cost of
26 obtaining certain medically necessary products, this Act would
27 provide further sales tax exemptions by adding a new Section

1 40-23-4.4 to be entitled "Over-the-Counter medications
2 exempt."

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Section 40-23-4.4 is hereby added to the
5 Code of Alabama, 1975 to read as follows:

6 40-23-4.4. Over-the-Counter medications exempt.

7 (a) The term "over-the-counter medications" means a
8 drug that contains a label that identifies the product as a
9 drug. The outside container or wrapper of the retail package,
10 or the immediate container label if there is no outside
11 container or wrapper, shall contain the title, headings,
12 subheadings, and related information.

13 (1.) The "over-the-counter-drug" label includes:

14 1. A "Drug Facts" panel; or

15 2. A statement of the "active ingredient(s)" with a
16 list of those ingredients contained in the compound, substance
17 or preparation.

18 (2.) This exemption does not include "grooming and
19 hygiene products" or "Dietary supplements".

20 (b) Additional clarification as to the meaning of
21 "over-the-counter medications" shall be promulgated in rules
22 adoption under the provisions of the Administrative Procedures
23 Act.

24 (c) Over-the-counter medications, as defined in
25 subsections (a) and (b) of this section, shall be exempt from
26 city, county and state sales taxes.

1 Section 2. The provisions of this act are severable.
2 If any part of this act is declared invalid or
3 unconstitutional, that declaration shall not affect the part
4 which remains.

5 Section 3. All laws or parts of laws which conflict
6 with this act are hereby repealed.

7 Section 4. This act shall become effective for the
8 tax years beginning on or after January 1, 2011.