

1 HB419  
2 127326-1  
3 By Representative Wood  
4 RFD: Ways and Means Education  
5 First Read: 31-MAR-11

SYNOPSIS: Under existing law, the state imposes sales and use taxes upon certain persons, firms, or corporations. The amount of the taxes ranges from one and one-half to four percent of the gross proceeds of the sale or consumption of various types of tangible personal property. The state also imposes a sales tax on the operation of places of amusement or entertainment. Counties and municipalities impose various additional sales and use taxes. Certain entities and products are exempted from state, county, or local sales and use taxes.

Also under existing law, the sale of prescription drugs is exempt from state gross sales taxes.

This bill would continue the exemption of the sale of prescription drugs, and would exempt insulin, insulin syringes, and related items to treat diabetes purchased pursuant to a valid

1                   prescription from any state, county, and municipal  
2                   sales and use taxes.

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4                   A BILL  
5                   TO BE ENTITLED  
6                   AN ACT

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8                   To add Section 40-9-30.1 to the Code of Alabama  
9                   1975, relating to medical tax exemptions; to continue the  
10                  exemption of prescription drugs from state gross sales taxes;  
11                  to exempt insulin, insulin syringes, and related items to  
12                  treat diabetes purchased pursuant to a valid prescription from  
13                  any state, county, and municipal sales and use taxes; and to  
14                  repeal Section 40-23-4.1, Code of Alabama 1975, as  
15                  duplicative.

16                 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17                         Section 1. Section 40-9-30.1 is added to the Code of  
18                         Alabama 1975, to read as follows:

19                         §40-9-30.1.

20                         (a) Any medicine prescribed by a physician, when the  
21                         prescription is filled by a licensed pharmacist or sold to a  
22                         patient by the physician, for human consumption or intake  
23                         shall be exempt from state gross sales taxes as defined in  
24                         Section 40-23-2.

25                         (b) In addition to any exemption provided in Section  
26                         40-9-27, Section 40-9-30, subdivision (30) of subsection (a)  
27                         of Section 40-23-4, and Section 40-23-62, all of the following

1 shall be exempt from state, county, and municipal sales and  
2 use taxes: Insulin and insulin syringes, and equipment,  
3 supplies, devices, chemical reagents, and any related items  
4 that may be used by a diabetic to treat diabetes or to test or  
5 monitor blood or urine, when such equipment, supplies,  
6 devices, reagents, or items are purchased by or on behalf of  
7 an individual for use by such individual pursuant to a valid  
8 prescription.

9           Section 2. This act shall apply retroactively to all  
10 open tax periods and all periods for which a preliminary or  
11 final assessment of tax could be entered pursuant to Section  
12 40-2A-7, Code of Alabama 1975, or any successor general or  
13 local law. No refunds shall be due or issued pursuant to this  
14 act with respect to those periods prior to the effective date  
15 of this act.

16           Section 3. All laws or parts of laws which conflict  
17 with this act are repealed and Section 40-23-4.1, Code of  
18 Alabama 1975, is specifically repealed.

19           Section 4. This act shall become effective on the  
20 first day of the third month following its passage and  
21 approval by the Governor, or its otherwise becoming law.