

1 HB616
2 131262-1
3 By Representative Barton
4 RFD: Ways and Means Education
5 First Read: 05-MAY-11

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

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

23 This bill would continue the exemption of
24 the sale of prescription drugs, and would exempt
25 durable medical equipment and medical supplies
26 purchased pursuant to a valid prescription from any
27 state, county, and municipal sales and use taxes.

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2 A BILL
3 TO BE ENTITLED
4 AN ACT
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6 To add Section 40-9-30.1 to the Code of Alabama
7 1975, relating to medical tax exemptions; to continue the
8 exemption of prescription drugs from state gross sales taxes;
9 to exempt durable medical equipment and medical supplies
10 purchased pursuant to a valid prescription from any state,
11 county, and municipal sales and use taxes; and to repeal
12 Section 40-23-4.1, Code of Alabama 1975, as duplicative.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

16 §40-9-30.1.

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

22 (b) In addition to any exemption provided in Section
23 40-9-27, Section 40-9-30, subdivision (30) of subsection (a)
24 of Section 40-23-4, and Section 40-23-62, all of the following
25 shall be exempt from state, county, and municipal sales and
26 use taxes: Durable medical equipment and medical supplies

1 purchased by or on behalf of an individual for use by such
2 individual pursuant to a valid prescription.

3 Section 2. This act shall apply retroactively to all
4 open tax periods and all periods for which a preliminary or
5 final assessment of tax could be entered pursuant to Section
6 40-2A-7, Code of Alabama 1975, or any successor general or
7 local law. No refunds shall be due or issued pursuant to this
8 act with respect to those periods prior to the effective date
9 of this act.

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

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