HB131

X5Q0ZZ-1

By Representatives Butler, Gidley

RFD: State Government

First Read: 07-Feb-24

SYNOPSIS:

This bill would provide that health care providers in clinical settings that maintain a supply of durable medical equipment and medical supplies for potential use by a patient covered by Medicare, Medicaid, or a health benefit plan would be required to file a Certificate of Exemption with the Department of Revenue in order to be eligible for tax exemption of these items.

A BILL

TO BE ENTITLED

AN ACT

To amend Section 40-9-30, Code of Alabama, 1975, to require certain health care providers in clinical settings to file a certificate of exemption with the Department of Revenue in order to be eligible for tax exemption of certain items.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-9-30, Code of Alabama 1975, is amended to read as follows:

"§40-9-30

(a) As used in this section, the term "durable medical equipment" means equipment which can stand repeated use, is

used to serve a purpose for medical reasons, and is appropriate and suitable for use in the home.

(b) Oxygen or durable medical equipment dispensed under orders from a duly licensed physician by a participating provider to a recipient of benefits under the Medicare program shall be exempt from state and local sales and use taxes.

(c) A provider who rents or leases oxygen or durable medical equipment to a recipient of benefits under the Medicare or Medicaid program under orders from a duly licensed physician shall be exempt from all state and local rental and leasing taxes.

(d)(1) In addition to any other exemptions provided in subsection (b) or (c), any items used for the treatment of illness or injury or to replace all or part of a limb or internal body part purchased by or on behalf of an individual pursuant to a valid prescription and covered by and billed to Medicare, Medicaid, or a health benefit plan shall be exempt from state, county, and municipal sales, use, and rental and leasing taxes, including, but not limited to, any of the following: Durable medical equipment, including repair parts and the disposable or single patient use supplies required for the use of the equipment; medical oxygen and related equipment and supplies; prosthetic and orthotic devices; and medical supplies, as defined and covered under the Medicare program, including, but not limited to, items such as catheters, catheter supplies, ostomy bags and supplies related to ostomy care, specialized wound care products, and similar items that are covered by and billed to Medicare, Medicaid, or a health

benefit plan.

(2) Beginning September 1, 2024, any health care provider in a clinical setting seeking an exemption pursuant to this subsection shall file a certificate of exemption with the Department of Revenue in the manner prescribed by Section 40-9-60, as provided by rule of the department.

(3) Notwithstanding any other provision of law, an entity that purchases an item that would otherwise be exempt pursuant to this section may seek a refund of taxes paid in error for such purchase no more than 12 months from the date of the sale."

Section 2. This act shall become effective immediately.