

FEB 02 1994

HOUSE FILE 2102
BY COMMITTEE ON WAYS AND MEANS

WAYS & MEANS COMMITTEE

(SUCCESSOR TO HSB 549)

Passed House, ^(p. 325) Date 2/22/94 Passed Senate, ^(p. 745) Date 3/2/94
Vote: Ayes 95 Nays 0 Vote: Ayes 47 Nays 0
Approved March 28, 1994

A BILL FOR

1 An Act relating to the exemption from the state sales tax for
2 certain medical devices.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2102

1 Section 1. Section 422.45, subsection 13, paragraph a,
2 Code Supplement 1993, is amended to read as follows:

3 a. "Medical device" means equipment or a supply, intended
4 to be prescribed by a practitioner, including orthopedic or
5 orthotic devices. However, "medical device" also includes
6 prosthetic devices, ostomy, urological, and tracheostomy
7 equipment and supplies, and diabetic testing materials,
8 hypodermic syringes and needles, anesthesia trays, biopsy
9 trays and biopsy needles, cannula systems, catheter trays and
10 invasive catheters, dialyzers, drug infusion devices, fistula
11 sets, hemodialysis devices, insulin infusion devices,
12 interocular lenses, irrigation solutions, intravenous
13 administering sets, solutions and stopcocks, myelogram trays,
14 nebulizers, small vein infusion kits, spinal puncture trays,
15 transfusion sets, venous blood sets, and oxygen equipment,
16 intended to be dispensed for human use with or without a
17 prescription to an ultimate user.

18 EXPLANATION

19 This bill allows an exemption from the state sales tax for
20 the sale or rental of certain medical devices intended for
21 human use.

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**HOUSE FILE 2102
FISCAL NOTE**

A fiscal note for House File 2102 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2102 exempts various medical devices used by hospitals from the State sales tax. Because most of these items had previously been interpreted as prescription drugs, and were therefore nontaxable, the bill simply reinstates the exemption that was inadvertently repealed during the 1993 Session of the 74th General Assembly.

FISCAL IMPACT:

House File 2102 is not expected to have any impact compared to FY 1993, as the items that are exempted were not taxable prior to July 1, 1994. The Iowa Hospital Association (IHA) reported that its members have not remitted sales taxes on the listed items since that time. One large Iowa hospital estimated that as much as \$30,000 has been remitted since July 1, 1993, but that no tax was remitted on most of the items. There is no quantifiable estimate of the value of the exemption if it is left in place, but it is expected to be in the millions of dollars. The Department of Revenue and Finance (DRF) has indicated that it is not able to estimate either the amount of tax remitted since July 1, 1993, or the total value of the exemption.

SOURCES: DRF, IHA

(LSB 3580hv, JAM)

FILED FEBRUARY 21, 1994

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2102
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 549)

(As Amended and Passed by the House February 22, 1994)

Passed House, ^(p325) Date 2/22/94 Passed Senate, ^{p.745} Date 3-21-94
Vote: Ayes 95 Nays 0 Vote: Ayes 47 Nays 0
Approved March 28, 1994

A BILL FOR

1 An Act relating to the exemption from the state sales tax for
2 certain medical devices and providing a retroactive
3 applicability provision.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____

1 Section 1. Section 422.45, subsection 13, paragraph a,
2 Code Supplement 1993, is amended to read as follows:

3 a. "Medical device" means equipment or a supply, intended
4 to be prescribed by a practitioner, including orthopedic or
5 orthotic devices. However, "medical device" also includes
6 prosthetic devices, ostomy, urological, and tracheostomy
7 equipment and supplies, and diabetic testing materials,
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9 trays and biopsy needles, cannula systems, catheter trays and
10 invasive catheters, dialyzers, drug infusion devices, fistula
11 sets, hemodialysis devices, insulin infusion devices,
12 interocular lenses, irrigation solutions, intravenous
13 administering sets, solutions and stopcocks, myelogram trays,
14 nebulizers, small vein infusion kits, spinal puncture trays,
15 transfusion sets, venous blood sets, and oxygen equipment,
16 intended to be dispensed for human use with or without a
17 prescription to an ultimate user.

18 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
19 retroactively to July 1, 1993, for sales made on or after that
20 date.

21 Sec. 3. REFUNDS. Claims for refund of tax, interest, or
22 penalty which arise as a result of the enactment of the
23 amendment to section 422.45, subsection 13, in section 1 of
24 this Act, for the sale of medical devices occurring between
25 July 1, 1993, and June 30, 1994, shall be limited to five
26 thousand dollars in the aggregate and shall not be allowed
27 unless filed prior to June 30, 1995, notwithstanding any other
28 provision of law. If the amount of claims total more than
29 five thousand dollars in the aggregate, the department of
30 revenue and finance shall pro rate the five thousand dollars
31 among all the claims.

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HOUSE FILE 2102

H-5037

1 Amend House File 2102 as follows:

2 1. Page 1, by inserting after line 17, the
3 following:

4 "Sec. ____ . APPLICABILITY. This Act applies
5 retroactively to July 1, 1993, for medical devices
6 sold or rented on or after that date."

7 2. Title page, line 2, by inserting after the
8 word "devices" the following: "and providing a
9 retroactive applicability date".

10 3. By renumbering as necessary.

By IVERSON of Wright

H-5037 FILED FEBRUARY 9, 1994

Withdrawn 2/22/94

HOUSE FILE 2102

H-5088

1 Amend House File 2102 as follows:

2 1. Page 1, by inserting after line 17, the
3 following:

4 "Sec. ____ . RETROACTIVE APPLICABILITY. This Act
5 applies retroactively to July 1, 1993, for sales made
6 on or after that date.

7 Sec. ____ . REFUNDS. Claims for refund of tax,
8 interest, or penalty which arise as a result of the
9 enactment of the amendment to section 422.45,
10 subsection 13, in section 1 of this Act, for the sale
11 of medical devices occurring between July 1, 1993, and
12 June 30, 1994, shall be limited to five thousand
13 dollars in the aggregate and shall not be allowed
14 unless filed prior to June 30, 1995, notwithstanding
15 any other provision of law. If the amount of claims
16 total more than five thousand dollars in the
17 aggregate, the department of revenue and finance shall
18 pro rate the five thousand dollars among all the
19 claims."

20 2. Title page, line 2, by inserting after the
21 word "devices" the following: "and providing a
22 retroactive applicability provision".

23 3. By renumbering as necessary.

By IVERSON of Wright

H-5088 FILED FEBRUARY 21, 1994

*Adopted
2/22/94
p. 325*

HSB 549

Iverson, Ch.
Larson
Burke

WAYS AND MEANS

HOUSE FILE 2102
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON HANSON of
Delaware)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the exemption from the state sales tax for
2 certain medical devices.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 422.45, subsection 13, paragraph a,
2 Code Supplement 1993, is amended to read as follows:
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9 trays and biopsy needles, cannula systems, catheter trays and
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11 sets, hemodialysis devices, insulin infusion devices,
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13 administerings sets, solutions and stopcocks, myelogram trays,
14 nebulizers, small vein infusion kits, spinal puncture trays,
15 transfusion sets, venous blood sets, and oxygen equipment,
16 intended to be dispensed for human use with or without a
17 prescription to an ultimate user.

18 EXPLANATION

19 This bill allows an exemption from the state sales tax for
20 the sale or rental of certain medical devices intended for
21 human use.

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HOUSE FILE 2102

AN ACT

RELATING TO THE EXEMPTION FROM THE STATE SALES TAX FOR
CERTAIN MEDICAL DEVICES AND PROVIDING A RETROACTIVE
APPLICABILITY PROVISION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422.45, subsection 13, paragraph a,
Code Supplement 1993, is amended to read as follows:

a. "Medical device" means equipment or a supply, intended
to be prescribed by a practitioner, including orthopedic or
orthotic devices. However, "medical device" also includes
prosthetic devices, ostomy, urological, and tracheostomy
equipment and supplies, and diabetic testing materials,
hypodermic syringes and needles, anesthesia trays, biopsy
trays and biopsy needles, cannula systems, catheter trays and
invasive catheters, dialyzers, drug infusion devices, fistula
sets, hemodialysis devices, insulin infusion devices,
interocular lenses, irrigation solutions, intravenous
administering sets, solutions and stopcocks, myelogram trays,
nebulizers, small vein infusion kits, spinal puncture trays,
transfusion sets, venous blood sets, and oxygen equipment,
intended to be dispensed for human use with or without a
prescription to an ultimate user.

Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
retroactively to July 1, 1993, for sales made on or after that
date.

Sec. 3. REFUNDS. Claims for refund of tax, interest, or
penalty which arise as a result of the enactment of the
amendment to section 422.45, subsection 13, in section 1 of
this Act, for the sale of medical devices occurring between
July 1, 1993, and June 30, 1994, shall be limited to five
thousand dollars in the aggregate and shall not be allowed
unless filed prior to June 30, 1995, notwithstanding any other
provision of law. If the amount of claims total more than
five thousand dollars in the aggregate, the department of
revenue and finance shall pro rate the five thousand dollars
among all the claims.

HAROLD VAN MAANEN
Speaker of the House

LEONARD L. BOSWELL
President of the Senate

I hereby certify that this bill originated in the House and
is known as House File 2102, Seventy-fifth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved  March 28, 1994

TERRY E. BRANSTAD
Governor