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APR 16 1993

HOUSE FILE 661
BY COMMITTEE ON WAYS AND MEANS

WAYS & MEANS CALENDAR

(SUCCESSOR TO HSB 303)

Passed House, ^(P. 1663) Date 4/26/93 Passed Senate, Date 4/29/93
Vote: Ayes 99 Nays 0 Vote: Ayes 50 Nays 0
Approved May 11, 1993

A BILL FOR

1 An Act relating to the exemption from the state sales tax for
2 certain prescription drugs and medical devices and providing
3 for the Act's applicability.

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

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HF 661

1 Section 1. Section 422.45, subsection 13, Code 1993, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:

4 13. The gross receipts from the sale or rental of
5 prescription drugs or medical devices intended for human use
6 or consumption.

7 For the purposes of this subsection:

8 a. "Medical device" means equipment or a supply,
9 prescribed by a practitioner, including orthopedic or orthotic
10 devices. However, "medical device" also includes prosthetic
11 devices, ostomy, urological, and tracheostomy equipment and
12 supplies, and diabetic testing materials, hypodermic syringes,
13 and oxygen equipment, intended to be dispensed for human use
14 with or without a prescription to an ultimate user.

15 b. "Practitioner" means a practitioner as defined in
16 section 155A.3.

17 c. "Prescription drug" means a drug for which federal or
18 state law requires a prescription by a practitioner before it
19 can be legally dispensed to an ultimate user, or oxygen or
20 insulin dispensed for human consumption without a
21 prescription.

22 d. "Ultimate user" means an individual who has lawfully
23 obtained and possesses a prescription drug or medical device
24 for the individual's own use or for the use of a member of the
25 individual's household, or an individual to whom a
26 prescription drug or medical device has been lawfully
27 supplied, administered, dispensed, or prescribed.

28 Sec. 2. Section 422.45, subsections 13A, 14, 15, and 16,
29 Code 1993, are amended by striking the subsections.

30 Sec. 3. 1992 Iowa Acts, chapter 1189, section 5, is
31 repealed and the repeal applies retroactively to January 1,
32 1987. Any claims filed pursuant to 1992 Iowa Acts, chapter
33 1189, section 5, for the period between January 1, 1987, and
34 June 30, 1992, shall not be allowed.

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EXPLANATION

1 This bill rewrites the sales tax exemptions for
2 prescription drugs and medical devices. The bill allows an
3 exemption from the state sales tax for the sale or rental of
4 drugs and medical devices prescribed by a practitioner to the
5 ultimate user. "Ultimate user" is defined as an individual
6 who lawfully possesses a prescription drug or medical device
7 for the individual's own use or the use of a member of the
8 individual's household, or an individual to whom a
9 prescription drug or medical device has been lawfully
10 supplied, administered, dispensed, or prescribed. The
11 exemption also extends to the sale of nonprescribed oxygen and
12 insulin for human consumption and to the sale or rental of
13 certain medical devices without a prescription.

14 The bill also repeals section 5 of chapter 1189, 1992
15 Session Laws, which allowed the exemption on certain devices
16 to apply retroactively to January 1, 1987, and would have
17 allowed claims for refund for that period of time from January
18 1987 to July 1992.

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HOUSE FILE 661

H-4193

1 Amend House File 661 as follows:

2 1. Page 1, line 16, by inserting after the figure
3 "155A.3" the following: ", or a person licensed to
4 prescribe drugs".

5 2. Page 1, by striking lines 17 through 21, and
6 inserting the following:

7 "c. "Prescription drug" means a drug dispensed to
8 an ultimate user pursuant to a prescription drug order
9 or medication order from a practitioner, or oxygen or
10 insulin dispensed for human consumption with or
11 without a prescription drug order or medication
12 order."

By IVERSON of Wright

H-4193 FILED APRIL 26, 1993
OUT OF ORDER

HOUSE FILE 661

H-4200

1 Amend House File 661 as follows:

2 1. Page 1, line 8, by inserting after the word
3 "supply," the following: "intended to be".

4 2. Page 1, line 16, by inserting after the figure
5 "155A.3" the following: ", or a person licensed to
6 prescribe drugs".

7 3. Page 1, by striking lines 17 through 21, and
8 inserting the following:

9 "c. "Prescription drug" means a drug intended to
10 be dispensed to an ultimate user pursuant to a
11 prescription drug order or medication order from a
12 practitioner, or oxygen or insulin dispensed for human
13 consumption with or without a prescription drug order
14 or medication order."

By IVERSON of Wright

H-4200 FILED APRIL 26, 1993
ADOPTED

HOUSE FILE 661
FISCAL NOTE

A fiscal note for House File 661 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 661 rewrites the sales tax exemptions for prescription drugs and medical devices. The bill allows an exemption from the State sales tax for the sale or rental of drugs and medical devices prescribed by a practitioner to the ultimate user. In addition, the exemption extends to the sale of non-prescribed oxygen and certain non-prescribed medical devices. The bill also repeals the retroactivity of exemptions that currently allow claims for refunds for a 5-year period of time.

FISCAL IMPACT:

The fiscal effect of HF 661 will be an increase to the General Fund of an undetermined amount. Neither the Department of Revenue and Finance (DRF) nor the medical industry maintain statistics on the sale of the affected products. The bill would return to the General Fund those revenues that the State is currently losing due to related legislation in the 1992 Iowa Acts.

SOURCE: DRF

(LSB 2692hv, JAM)

FILED APRIL 23, 1993

BY DENNIS PROUTY, FISCAL DIRECTOR

4/27 Gen Ways + Means
4/28/93 Gen. Assem. Passed

HOUSE FILE 661
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 303)

(As Amended and Passed by the House April 26, 1993)

Passed House, Date 4/26/95 Passed Senate, ^(p. 1453) Date 4/29/93
Vote: Ayes 99 Nays 0 Vote: Ayes 50 Nays 0
Approved May 11, 1993

A BILL FOR

1 An Act relating to the exemption from the state sales tax for
2 certain prescription drugs and medical devices and providing
3 for the Act's applicability.

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

House Amendments _____

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1 Section 1. Section 422.45, subsection 13, Code 1993, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:

4 13. The gross receipts from the sale or rental of
5 prescription drugs or medical devices intended for human use
6 or consumption.

7 For the purposes of this subsection:

8 a. "Medical device" means equipment or a supply, intended
9 to be prescribed by a practitioner, including orthopedic or
10 orthotic devices. However, "medical device" also includes
11 prosthetic devices, ostomy, urological, and tracheostomy
12 equipment and supplies, and diabetic testing materials,
13 hypodermic syringes, and oxygen equipment, intended to be
14 dispensed for human use with or without a prescription to an
15 ultimate user.

16 b. "Practitioner" means a practitioner as defined in
17 section 155A.3, or a person licensed to prescribe drugs.

18 c. "Prescription drug" means a drug intended to be
19 dispensed to an ultimate user pursuant to a prescription drug
20 order or medication order from a practitioner, or oxygen or
21 insulin dispensed for human consumption with or without a
22 prescription drug order or medication order.

23 d. "Ultimate user" means an individual who has lawfully
24 obtained and possesses a prescription drug or medical device
25 for the individual's own use or for the use of a member of the
26 individual's household, or an individual to whom a
27 prescription drug or medical device has been lawfully
28 supplied, administered, dispensed, or prescribed.

29 Sec. 2. Section 422.45, subsections 13A, 14, 15, and 16,
30 Code 1993, are amended by striking the subsections.

31 Sec. 3. 1992 Iowa Acts, chapter 1189, section 5, is
32 repealed and the repeal applies retroactively to January 1,
33 1987. Any claims filed pursuant to 1992 Iowa Acts, chapter
34 1189, section 5, for the period between January 1, 1987, and
35 June 30, 1992, shall not be allowed.

Iverson, Chair

Burke

Churchill

Ertl

Schrader

HSB 303

WAYS AND MEANS

HOUSE FILE 661

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 prescription drugs and medical devices and providing
3 for the Act's applicability.

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1 Section 1. Section 422.45, subsection 13, Code 1993, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:

4 13. The gross receipts from the sale or rental of
5 prescription drugs or medical devices, to the ultimate user,
6 for human use or consumption.

7 For the purposes of this subsection:

8 a. "Medical device" means equipment or a supply,
9 prescribed by a practitioner, including orthopedic or orthotic
10 devices. However, "medical device" also includes prosthetic
11 devices, ostomy, urological, and tracheostomy equipment and
12 supplies, and diabetic testing materials, hypodermic syringes,
13 and oxygen equipment, dispensed for human use with or without
14 a prescription to an ultimate user.

15 b. "Practitioner" means a practitioner as defined in
16 section 155A.3.

17 c. "Prescription drug" means a drug for which federal or
18 state law requires a prescription by a practitioner before it
19 can be legally dispensed to an ultimate user, or oxygen or
20 insulin dispensed for human consumption without a
21 prescription.

22 d. "Ultimate user" means an individual who has lawfully
23 obtained and possesses a prescription drug or medical device
24 for the individual's own use or for the use of a member of the
25 individual's household.

26 Sec. 2. Section 422.45, subsections 13A, 14, 15, and 16,
27 Code 1993, are amended by striking the subsections.

28 Sec. 3. 1992 Iowa Acts, chapter 1189, section 5, is
29 repealed and the repeal applies retroactively to January 1,
30 1987. Any claims filed pursuant to 1992 Iowa Acts, chapter
31 1189, section 5, for the period between January 1, 1987, and
32 June 30, 1992, shall not be allowed.

33 EXPLANATION

34 This bill rewrites the sales tax exemptions for
35 prescription drugs and medical devices. The bill allows an

1 exemption from the state sales tax for the sale or rental of
2 drugs and medical devices prescribed by a practitioner to the
3 ultimate user. "Ultimate user" is defined as a person who
4 lawfully possesses a prescription drug or medical device for
5 the person's own use or the use of a member of the person's
6 household. The exemption also extends to the sale of
7 nonprescribed oxygen and insulin for human consumption and to
8 the sale or rental of certain medical devices without a
9 prescription.

10 The bill also repeals section 5 of chapter 1189, 1992
11 Session Laws, which allowed the exemption on certain devices
12 to apply retroactively to January 1, 1987, and would have
13 allowed claims for refund for that period of time from January
14 1987 to July 1992.

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HOUSE FILE 661

AN ACT

RELATING TO THE EXEMPTION FROM THE STATE SALES TAX FOR CERTAIN PRESCRIPTION DRUGS AND MEDICAL DEVICES AND PROVIDING FOR THE ACT'S APPLICABILITY.

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

Section 1. Section 422.45, subsection 13, Code 1993, is amended by striking the subsection and inserting in lieu thereof the following:

13. The gross receipts from the sale or rental of prescription drugs or medical devices intended for human use or consumption.

For the purposes of this subsection:

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 oxygen equipment, intended to be dispensed for human use with or without a prescription to an ultimate user.

b. "Practitioner" means a practitioner as defined in section 155A.3, or a person licensed to prescribe drugs.

c. "Prescription drug" means a drug intended to be dispensed to an ultimate user pursuant to a prescription drug order or medication order from a practitioner, or oxygen or insulin dispensed for human consumption with or without a prescription drug order or medication order.

d. "Ultimate user" means an individual who has lawfully obtained and possesses a prescription drug or medical device for the individual's own use or for the use of a member of the individual's household, or an individual to whom a

prescription drug or medical device has been lawfully supplied, administered, dispensed, or prescribed.

Sec. 2. Section 422.45, subsections 13A, 14, 15, and 16, Code 1993, are amended by striking the subsections.

Sec. 3. 1992 Iowa Acts, chapter 1189, section 5, is repealed and the repeal applies retroactively to January 1, 1987. Any claims filed pursuant to 1992 Iowa Acts, chapter 1189, section 5, for the period between January 1, 1987, and June 30, 1992, shall not be allowed.

KAROLD 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 661, Seventy-fifth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved *May 11*, 1993

TERRY E. BRANSTAD
Governor