

Finance

HB 1116

Brief Description: Clarifying tax exemptions for sale or use of orthotic devices.

Sponsors: Representatives Campbell, Cody, Carrell, Morris, Roach, Santos, Pennington, Conway, Romero, O'Brien, Hunt, Edmonds, Darneille, Veloria, Schual-Berke, Reardon, Lantz, Simpson, Cairnes, Dunshee, Dickerson, Alexander, Fromhold, D. Schmidt, Haigh and Jackley.

Brief Summary of Bill

- *The exemption from retail sales and use taxes on orthotics is extended to purchases under prescriptions made by licensed podiatrists.*

Hearing Date: 1/31/01

Staff: Mark Matteson (786-7145).

Background:

The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The tax base includes goods and certain services purchased at retail. The tax is levied at a 6.5 percent rate by the state. Cities and counties may levy a local tax at a rate up to a maximum of 3.1 percent; currently, local rates levied range from 0.5 percent to 2.3 percent. Sales tax is paid by the purchaser and collected by the seller. The use tax is imposed on items used in the state which were not subject to the retail sales tax, and includes purchases made in other states and purchases from sellers who do not collect Washington sales tax. The state and local rates are the same as those imposed under the retail sales tax. Use tax is paid directly to the Department of Revenue. A sale of an orthotic device, or foot support, is exempt from state and local retail sales and use

taxes, if the device is prescribed by a person licensed under the applicable state statute for chiropractors, osteopaths, or physicians. Sales of orthotic devices prescribed by podiatrists licensed under state statute are subject to the state and local retail sales and use taxes.

Summary of Bill:

Sales of orthotic devices prescribed by podiatrists licensed under state statute are exempt from state and local retail sales and use taxes.

Effective Date: *Ninety days after adjournment of session in which bill is passed.*

Appropriation: *None.*

Fiscal Note: *Requested on January 23, 2001.*