
Finance Committee

HB 2429

Brief Description: Concerning sales and use tax exemptions for durable medical equipment used in the home and prescribed mobility enhancing equipment.

Sponsors: Representatives Hudgins, Appleton, Kloba, Santos and Tarleton.

Brief Summary of Bill

- Exempts durable medical equipment and mobility enhancing equipment from sales and use tax.
- Exempts the repairing, cleaning, altering, or improving of durable medical equipment and mobility enhancing equipment from sales and use tax.

Hearing Date: 1/16/18

Staff: Serena Dolly (786-7150).

Background:

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Sales of mobility enhancing equipment (MEE) are subject to sales and use tax. MEE is equipment that is primarily used to provide or increase the ability to move from one place to another and that is appropriate for use in either the home or a motor vehicle. Examples of MEE include canes, chair lifts, crutches, wheelchairs, and walkers.

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Sales of most durable medical equipment (DME) are subject to sales and use tax. DME is equipment used to serve a medical purpose, that can withstand repeated use, is generally not useful in the absence of disease or injury, and is not worn in or on the body. Examples of DME include nebulizers and continuous positive airway pressure (CPAP) machines. A few specific items of DME are exempt from sales and use tax, including nebulizers. The exemption for nebulizers applies to home or institutional use and is available only as a remittance.

Generally, charges for repairing, cleaning, altering, or improving MEE and DME are also subject to sales and use tax.

Summary of Bill:

The sale of prescribed MEE is exempted from sales and use tax.

The sale of prescribed DME for home use is exempted from sales and use tax. The sales tax exemption for nebulizers for home use is changed from a remittance to an exemption at the point of sale.

The repairing, cleaning, altering, or improving of MEE and DME is exempted from sales and use tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.