

HOUSE BILL REPORT

HB 1324

As Reported by House Committee On:
Finance

Title: An act relating to sales and use tax exemptions for prescribed durable medical equipment used in the home and prescribed mobility enhancing equipment.

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

Sponsors: Representatives Hunter, Lovick, Alexander, Simpson, Ericks, Dickerson, Dunn, Morrell, McDonald, Conway, Linville, Wallace and Schual-Berke.

Brief History:

Committee Activity:

Finance: 1/18/08 [DP2S].

Brief Summary of Second Substitute Bill

- Exempts mobility enhancing equipment from sales and use tax.

HOUSE COMMITTEE ON FINANCE

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Staff: Jeff Mitchell (786-7139).

Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

location. The average local tax rate is 2.0, for an average combined state and local tax rate of 8.5 percent.

Sales of mobility enhancing equipment (MEE) are not exempt from sales and use tax. Mobility enhancing equipment 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 either in the home or a motor vehicle. Examples of MEE include: canes, chair lifts, crutches, wheelchairs, and walkers.

Summary of Second Substitute Bill:

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

Second Substitute Bill Compared to Original Bill:

The second substitute bill eliminates the proposed sales and use tax exemption for prescribed durable medical equipment and related components, but retains the exemption for MEE. The second substitute bill also eliminates the tax refund requirements for medically prescribed oxygen and kidney dialysis devices because the refund process is not required for those items. The tax refund requirements for nebulizers are eliminated because similar changes were made in the streamlined sales and use tax legislation in 2007 (SSB 5089). Other changes of a technical nature are made.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect July 1, 2008.

Staff Summary of Public Testimony:

(In support) The patients that benefit from this are the ones that suffer from long-term, chronic diseases. Every bit of cost reduction for medical devices makes a big difference. Most insurance coverage does not recognize sales tax as a covered benefit. The cost of the tax gets passed on to the customers. Washington is one of three states that still requires medical device providers to collect sales tax on home medical equipment. This bill creates equity with almost all other states. Everyone, at some time or another, will be impacted by the sales tax on these devices. The sales tax on home medical equipment adds insult to injury when people can't otherwise get any help from the state.

(Opposed) None.

Persons Testifying: Thomas Coogan, Pacific Association Medical Equipment; Skip Dreps, Paralyzed Veterans of America; Jesse Magana, Disability Resource Center Vancouver, Washington; Jim Jewell, In Home Medical Incorporated; Nancy S. Campbell, Therapeutic Resources Incorporated; Carrie Daggett; Angelene Adler; Care Medical and Rehabilitation

Equipment; Rebecca Moore, Lou Gehrig's Disease Association; and Bill Stauffacher, National Multiple Sclerosis Society.

Persons Signed In To Testify But Not Testifying: None.