

SENATE BILL REPORT

SB 5009

As of February 7, 1995

Title: An act relating to drugs for use in the diagnosis, cure, mitigation, treatment, or prevention of disease or other ailment in humans.

Brief Description: Modifying sales and use tax on drugs.

Sponsors: Senator McCaslin.

Brief History:

Committee Activity: Ways & Means: 1/31/95.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Background: The sales tax is paid on each retail sale of most articles of tangible personal property and certain services. Taxable services include construction, repair, telephone, lodging of less than 30 days, physical fitness, and some recreation and amusement services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

Major items exempt from tax include food for human consumption, prescription drugs, motor vehicle fuel, utility services, professional services (e.g. medical, legal), certain business services (e.g. accounting, engineering), and items that become a component part of another product for sale.

Summary of Bill: Over-the-counter drugs, including vitamins, are exempt from sales and use tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect August 1, 1995.

Testimony For: None.

Testimony Against: None.

Testified: No one.