

# HOUSE BILL REPORT

## HB 1116

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### As Passed Legislature

**Title:** An act relating to clarifying tax exemptions for sale or use of orthotic devices.

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

**Sponsors:** By 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 History:

#### Committee Activity:

Finance: 1/31/01, 2/22/01 [DP].

#### Floor Activity:

Passed House: 3/13/01, 94-0.

Passed Senate: 4/5/01, 48-0.

Passed Legislature.

### Brief Summary of Bill

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

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 10 members: Representatives Cairnes, Republican Co-Chair; Morris, Democratic Co-Chair; Berkey, Democratic Vice Chair; Roach, Republican Vice Chair; Carrell, Conway, Pennington, Santos, Van Luven and Veloria.

**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.

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**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.

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**Appropriation:** None.

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

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** For many years, the exemption in the statute for medical devices was provided to licensed physicians generally, which was interpreted to include licensed podiatric personnel. Podiatric physicians are treated equivalently to other licensed medical persons elsewhere in the state statutes. We are asking for a level playing field. In practice, this amendment should not change things much, since the Department of Revenue has not historically collected the tax from podiatric physicians.

**Testimony Against:** None.

**Testified:** Frank R. Morrison Jr., Washington State Podiatric Medical Association.