

SENATE BILL REPORT

SB 5390

As Passed Senate, March 9, 2001

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: Senators Constantine, Winsley, Rossi, Fraser, Horn, Fairley, Thibaudeau, Honeyford, Kohl-Welles, Parlette, Prentice, T. Sheldon, Sheahan, Snyder and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 2/14/01, 2/20/01 [DP].

Passed Senate: 3/9/01, 49-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair Capital Budget; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Winsley and Zarelli.

Staff: Terry Wilson (786-7433)

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 amusement and recreation 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.

Dental appliances, prosthetic devices, orthotic devices, hearing instruments, ostomic items, and medically-prescribed oxygen are exempt from sales and use taxes. Orthotic devices are exempt only if they are prescribed by a chiropractor, an osteopath, or a physician.

Summary of Bill: Orthotic items prescribed by a podiatrist are exempt from sales and use tax.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: We are not asking for a change. This is the result of an audit. DOR's regulations and policy have been to exempt these sales because it was thought that podiatrists were physicians. However, the reference to physicians is more narrow. There is no justification to treat these physicians and patients differently. The omission 25 years ago was inadvertent.

Testimony Against: None.

Testified: Frank Morrison, WA State Podiatric Medical Assn. (pro).