

# SENATE BILL REPORT

## SB 5218

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As of February 5, 2023

**Title:** An act relating to providing a sales and use tax exemption for complex rehabilitation technology products.

**Brief Description:** Providing a sales and use tax exemption for complex rehabilitation technology products.

**Sponsors:** Senators Padden, Mullet and Torres.

**Brief History:**

**Committee Activity:** Health & Long Term Care: 1/17/23 [w/oRec-WM].  
Ways & Means: 2/07/23.

**Brief Summary of Bill**

- Exempts from retail sales and use tax certain medically prescribed wheelchairs and seating systems.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Alia Kennedy (786-7405)

**Background:** Retail Sales and Use Tax. 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 tax 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. Some other local government entities and special purpose districts also impose sales and use taxes for specific purposes. 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.

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A retail sales and use tax exemption is provided for certain health-related products or devices. The exemption applies to:

- prosthetic devices, including eyeglasses and frames, prescribed for individuals by a person licensed by the state to prescribe them;
- medically prescribed oxygen and oxygen delivery systems;
- medicine of mineral, animal or botanical origin prescribed, administered, dispensed or used in the treatment of an individual by a naturopath; and
- components of prosthetic devices and charges for repairing devices exempted by this statute.

Tax Preferences. All new tax preference legislation is required to include a tax preference performance statement. The performance statement must clearly specify the public policy objectives of the tax preference, and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee (JLARC) to evaluate the efficacy of the tax preference. An automatic ten-year expiration date is applied to new tax preferences if an alternate expiration date is not provided in the new tax preference legislation.

**Summary of Bill:** The retail sales and use tax does not apply to sales of medically prescribed complex rehabilitation technology products and the components of these products.

"Complex rehabilitation technology products" means wheelchairs and seating systems that:

- are individually configured for people to meet their specific and unique medical, physical, and functional needs and capacities for basic activities as medically necessary to prevent hospitalization or institutionalization of a complex needs patient;
- are primarily used to serve a medical purpose and generally not useful to a person in the absence of an illness or injury; and
- require certain services to allow for appropriate design, configuration, and use of the item, including patient evaluation and equipment fitting and configuration.

The tax exemption applies to any medical equipment covered in whole, or in part, by Medicaid, the Children's Health Insurance Program, or a state-only funded health care program, identified as complex rehabilitation technology for purposes of billing or coverage of such products.

The tax exemption applies to complex rehabilitation technology products sold on or after August 1, 2023.

The tax exemption is permanent and not subject to review by JLARC.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.