ASSEMBLY BILL NO. 514–ASSEMBLYMEN OHRENSCHALL, MANENDO, DE BRAGA AND LEE

MARCH 12, 1999

JOINT SPONSOR: SENATOR SHAFFER

Referred to Committee on Taxation

SUMMARY—Proposes to exempt hearing aids from taxes on retail sales. (BDR 32-992)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Yes.

~

EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to taxes on retail sales; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to provide an exemption from the tax for hearing aids; contingently creating the same exemption from certain analogous taxes; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. At the general election on November 7, 2000, a proposal must be submitted to the registered voters of this state to amend the Sales and Use Tax Act, which was enacted by the 47th session of the legislature of the State of Nevada and approved by the governor in 1955, and subsequently approved by the people of this state at the general election held on November 6, 1956.

Sec. 2. At the time and in the manner provided by law, the secretary of state shall transmit the proposed act to the several county clerks, and the county clerks shall cause it to be published and posted as provided by law.

Sec. 3. The proclamation and notice to the voters given by the county clerks pursuant to law must be in substantially the following form:

Notice is hereby given that at the general election on November 7, 2000, a question will appear on the ballot for the adoption or rejection by the registered voters of the state of the following proposed act:

AN ACT to amend an act entitled "An Act to provide revenue for the State of Nevada; providing for sales and use taxes; providing for the manner of collection; defining certain terms; providing penalties for violation, and other matters properly relating thereto." approved March 29, 1955, as amended.

THE PEOPLE OF THE STATE OF NEVADA DO ENACT AS FOLLOWS:

Section 1. Section 56.1 of the above-entitled act, being chapter 397, Statutes of Nevada 1955, as added by chapter 306, Statutes of Nevada 1969, as last amended by chapter 404, Statutes of Nevada 1995, at page 1008, is hereby amended to read as follows:

Section 56.1 1. There are exempted from the taxes imposed by this act the gross receipts from sales and the storage, use or other consumption of:

(a) Prosthetic devices, orthotic appliances and ambulatory casts for human use, and other supports and casts if prescribed or applied by a licensed provider of health care, within his scope of practice, for human use.

(b) Appliances and supplies relating to an ostomy.

(c) Products for hemodialysis.

(d) ***Hearing aids.***

(e) Medicines:

(1) Prescribed for the treatment of a human being by a person authorized to prescribe medicines, and dispensed on a prescription filled by a registered pharmacist in accordance with law;

(2) Furnished by a licensed physician, dentist or podiatric physician to his own patient for the treatment of the patient;

(3) Furnished by a hospital for treatment of any person pursuant to the order of a licensed physician, dentist or podiatric physician; or

(4) Sold to a licensed physician, dentist, podiatric physician or hospital for the treatment of a human being.

2. As used in this section:

(a) ***"Hearing aid" means a wearable instrument or device designed for or offered to aid or compensate for impaired human hearing and any parts, attachments or accessories, including earmolds, but excluding batteries and cords.***

(b) "Medicine" means any substance or preparation intended for use by external or internal application to the human body in the diagnosis, cure, mitigation, treatment or prevention of disease or affliction of the human body and which is commonly recognized as a substance or preparation intended for such use. The term includes splints, bandages, pads, compresses and dressings.

~~[(b)]~~ ***(c)*** "Medicine" does not include:

(1) Any ~~[auditory,]~~ ophthalmic or ocular device or appliance.

(2) Articles which are in the nature of instruments, crutches, canes, devices or other mechanical, electronic, optical or physical equipment.

(3) Any alcoholic beverage, except where the alcohol merely provides a solution in the ordinary preparation of a medicine.

(4) Braces or supports, other than those prescribed or applied by a licensed provider of health care, within his scope of practice, for human use.

3. Insulin furnished by a registered pharmacist to a person for treatment of diabetes as directed by a physician shall be deemed to be dispensed on a prescription within the meaning of this section.

Sec. 2. This act becomes effective on January 1, 2001.

Sec. 4. The ballot page assemblies and the paper ballots to be used in voting on the question must present the question in substantially the following form:

Shall the Sales and Use Tax Act of 1955 be amended to provide an exemption from the taxes imposed by this act on the gross receipts from the sale and storage, use or other consumption of hearing aids?

Yes ☐ No ☐

Sec. 5. The explanation of the question that must appear on each paper ballot and sample ballot and in every publication and posting of notice of the question must be in substantially the following form:

(Explanation of Question)

The proposed amendment to the Sales and Use Tax Act of 1955 would exempt from the taxes imposed by this act the gross receipts from the sale and storage, use or other consumption of hearing aids. If this proposal is adopted, the legislature has provided that the Local School Support Tax Law and the City-County Relief Tax Law will be amended to provide the same exemption.

Sec. 6. If a majority of the votes cast on the question is yes, the amendment to the Sales and Use Tax Act of 1955 becomes effective on January 1, 2001. If less than a majority of votes cast on the question is yes, the question fails and the amendment to the Sales and Use Tax Act of 1955 does not become effective.

Sec. 7. All general election laws not inconsistent with this act are applicable.

Sec. 8. Any informalities, omissions or defects in the content or making of the publications, proclamations or notices provided for in this act and by the general election laws under which this election is held must be so construed as not to invalidate the adoption of the act by a majority of the registered voters voting on the question if it can be ascertained with reasonable certainty from the official returns transmitted to the office of the secretary of state that the proposed amendment was adopted by a majority of those registered voters.

Sec. 9. NRS 374.287 is hereby amended to read as follows:

374.287 1. There are exempted from the taxes imposed by this chapter the gross receipts from sales and the storage, use or other consumption of:

(a) Prosthetic devices, orthotic appliances and ambulatory casts for human use, and other supports and casts if prescribed or applied by a licensed provider of health care, within his scope of practice, for human use.

(b) Appliances and supplies relating to an ostomy.

(c) Products for hemodialysis.

(d) Any ophthalmic or ocular device or appliance prescribed by a physician or optometrist.

(e) ***Hearing aids.***

(f) Medicines:

(1) Prescribed for the treatment of a human being by a person authorized to prescribe medicines, and dispensed on a prescription filled by a registered pharmacist in accordance with law;

(2) Furnished by a licensed physician, dentist or podiatric physician to his own patient for the treatment of the patient;

(3) Furnished by a hospital for treatment of any person pursuant to the order of a licensed physician, dentist or podiatric physician; or

(4) Sold to a licensed physician, dentist, podiatric physician or hospital for the treatment of a human being.

2. As used in this section:

(a) ***"Hearing aid" means a wearable instrument or device designed for or offered to aid or compensate for impaired human hearing and any parts, attachments or accessories, including earmolds, but excluding batteries and cords.***

(b) "Medicine" means any substance or preparation intended for use by external or internal application to the human body in the diagnosis, cure, mitigation, treatment or prevention of disease or affliction of the human body and which is commonly recognized as a substance or preparation intended for such use. The term includes splints, bandages, pads, compresses and dressings.

~~[(b)]~~ ***(c)*** "Medicine" does not include:

(1) ~~[Any auditory device or appliance.~~

~~(2)]~~ Articles which are in the nature of instruments, crutches, canes, devices or other mechanical, electronic, optical or physical equipment.

~~[(3)]~~ ***(2)*** Any alcoholic beverage, except where the alcohol merely provides a solution in the ordinary preparation of a medicine.

~~[(4)]~~ ***(3)*** Braces or supports, other than those prescribed or applied by a licensed provider of health care, within his scope of practice, for human use.

3. Insulin furnished by a registered pharmacist to a person for treatment of diabetes as directed by a physician shall be deemed to be dispensed on a prescription within the meaning of this section.

Sec. 10. Section 9 of this act becomes effective on January 1, 2001, only if the proposal submitted pursuant to sections 1 to 5, inclusive, of this act is approved by the voters at the general election on November 7, 2000.

~