

ASSEMBLY BILL NO. 411—ASSEMBLYMAN LEE

MARCH 16, 2001

Referred to Committee on Taxation

SUMMARY—Proposes to exempt medical devices ordered or prescribed by providers of health care from taxes on retail sales. (BDR 32-1189)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: Yes.

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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 medical devices ordered or prescribed by providers of health care; contingently providing 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:

- 1 **Section 1.** At the general election on November 5, 2002, a proposal
2 must be submitted to the registered voters of this state to amend the Sales
3 and Use Tax Act, which was enacted by the 47th session of the legislature
4 of the State of Nevada and approved by the governor in 1955, and
5 subsequently approved by the people of this state at the general election
6 held on November 6, 1956.
7 **Sec. 2.** At the time and in the manner provided by law, the secretary
8 of state shall transmit the proposed act to the several county clerks, and the
9 county clerks shall cause it to be published and posted as provided by law.
10 **Sec. 3.** The proclamation and notice to the voters given by the county
11 clerks pursuant to law must be in substantially the following form:
12 Notice is hereby given that at the general election on November 5,
13 2002, a question will appear on the ballot for the adoption or rejection
14 by the registered voters of the state of the following proposed act:
15 AN ACT to amend an act entitled “An Act to provide revenue
16 for the State of Nevada; providing for sales and use taxes;
17 providing for the manner of collection; defining certain terms;
18 providing penalties for violation, and other matters properly
19 relating thereto.” approved March 29, 1955, as amended.



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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, at page 532, and as last amended by chapter 404, Statutes of Nevada 1995, at page 1007, is hereby amended to read as follows:

Sec. 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) *Medical devices ordered or prescribed by a licensed provider of health care, within his scope of practice, for human use.*

(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) *“Medical device” means medical equipment and supplies that are dispensed for human use, including, without limitation, orthopedic devices, urological and tracheostomy equipment and supplies, diabetic testing materials, hypodermic syringes and needles, anesthesia trays, biopsy trays and biopsy needles, cannula systems, catheter trays and invasive catheters, dialyzers, drug infusion devices, fistula sets, insulin infusion devices, intraocular lenses, irrigation solutions, intravenous administering sets, solutions and topcocks, myelogram trays, nebulizers, infusion kits for small veins, spinal puncture trays, transfusion sets, venous blood sets and oxygen equipment. The term does not include medicine or any medical device otherwise exempted from the taxes imposed by this act pursuant to paragraphs (a), (b) and (c) of subsection 1.*

(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



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1 affliction of the human body and which is commonly recognized as
2 a substance or preparation intended for such use. The term includes
3 splints, bandages, pads, compresses and dressings.

4 ~~(b)~~ (c) "Medicine" does not include:

5 (1) Any auditory, ophthalmic or ocular device or appliance.

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

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

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

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

17 Sec. 2. This act becomes effective on January 1, 2003.

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

21 Shall the Sales and Use Tax Act of 1955 be amended to provide an
22 exemption from the taxes imposed by this act on the gross receipts
23 from the sale, furnishing or service of, and the storage, use or other
24 consumption in this state of, medical devices ordered or prescribed by
25 a licensed provider of health care?

26 Yes ☐ No ☐

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

30 (Explanation of Question)

31 The proposed amendment to the Sales and Use Tax Act of 1955
32 would exempt from the taxes imposed by this act on the gross receipts
33 from the sale, furnishing or service of, and the storage, use or other
34 consumption in this state of, medical devices ordered or prescribed by
35 a licensed provider of health care. If this proposal is adopted, the
36 legislature has provided that the Local School Support Tax Law and
37 certain analogous taxes on retail sales will be amended to provide the
38 same exemption.
39

40 **Sec. 6.** If a majority of the votes cast on the question is yes, the
41 amendment to the Sales and Use Tax Act of 1955 becomes effective on
42 January 1, 2003. If less than a majority of votes cast on the question is yes,
43 the question fails and the amendment to the Sales and Use Tax Act of 1955
44 does not become effective.

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

47 **Sec. 8.** Any informalities, omissions or defects in the content or
48 making of the publications, proclamations or notices provided for in this
49 act and by the general election laws under which this election is held must



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1 be so construed as not to invalidate the adoption of the act by a majority of
2 the registered voters voting on the question if it can be ascertained with
3 reasonable certainty from the official returns transmitted to the office of the
4 secretary of state whether the proposed amendment was adopted by a
5 majority of those registered voters.

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

7 374.287 1. There are exempted from the taxes imposed by this
8 chapter the gross receipts from sales and the storage, use or other
9 consumption of:

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

14 (b) Appliances and supplies relating to an ostomy.

15 (c) Products for hemodialysis.

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

18 (e) *Medical devices ordered or prescribed by a licensed provider of*
19 *health care, within his scope of practice, for human use.*

20 (f) Medicines:

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

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

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

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

30 2. As used in this section:

31 (a) *“Medical device” means medical equipment and supplies that are*
32 *dispensed for human use, including, without limitation, orthopedic*
33 *devices, urological and tracheostomy equipment and supplies, diabetic*
34 *testing materials, hypodermic syringes and needles, anesthesia trays,*
35 *biopsy trays and biopsy needles, cannula systems, catheter trays and*
36 *invasive catheters, dialyzers, drug infusion devices, fistula sets, insulin*
37 *infusion devices, intraocular lenses, irrigation solutions, intravenous*
38 *administering sets, solutions and topcocks, myelogram trays, nebulizers,*
39 *infusion kits for small veins, spinal puncture trays, transfusion sets,*
40 *venous blood sets and oxygen equipment. The term does not include*
41 *medicine or any medical device otherwise exempted from the taxes*
42 *imposed by this act pursuant to paragraphs (a) to (d), inclusive, of*
43 *subsection 1.*

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



- 1 ~~(b)~~ (c) “Medicine” does not include:
2 (1) Any auditory device or appliance.
3 (2) Articles which are in the nature of instruments, crutches, canes,
4 devices or other mechanical, electronic, optical or physical equipment.
5 (3) Any alcoholic beverage, except where the alcohol merely
6 provides a solution in the ordinary preparation of a medicine.
7 (4) Braces or supports, other than those prescribed or applied by a
8 licensed provider of health care, within his scope of practice, for human
9 use.
10 3. Insulin furnished by a registered pharmacist to a person for
11 treatment of diabetes as directed by a physician shall be deemed to be
12 dispensed on a prescription within the meaning of this section.
13 **Sec. 10.** Section 9 of this act becomes effective on January 1, 2003,
14 only if the proposal submitted pursuant to sections 1 to 5, inclusive, of this
15 act is approved by the voters at the general election on November 5, 2002.

