

This Document can be made available
in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2425**

April 13, 2007

Authored by Hilstrom and Brod

The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to sales and use tax; clarifying the treatment of kidney dialysis
1.3 equipment; amending Minnesota Statutes 2006, section 297A.67, subdivision 7.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2006, section 297A.67, subdivision 7, is amended to
1.6 read:

1.7 Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical
1.8 devices are exempt:

1.9 (1) drugs for human use, including over-the-counter drugs;

1.10 (2) single-use finger-pricking devices for the extraction of blood and other single-use
1.11 devices and single-use diagnostic agents used in diagnosing, monitoring, or treating
1.12 diabetes;

1.13 (3) insulin and medical oxygen for human use, regardless of whether prescribed
1.14 or sold over the counter;

1.15 (4) prosthetic devices;

1.16 (5) durable medical equipment for home use only;

1.17 (6) mobility enhancing equipment; ~~and~~

1.18 (7) prescription corrective eyeglasses; and

1.19 (8) kidney dialysis equipment, including repair and replacement parts.

1.20 (b) For purposes of this subdivision:

1.21 (1) "Drug" means a compound, substance, or preparation, and any component of
1.22 a compound, substance, or preparation, other than food and food ingredients, dietary
1.23 supplements, or alcoholic beverages that is:

2.1 (i) recognized in the official United States Pharmacopoeia, official Homeopathic
2.2 Pharmacopoeia of the United States, or official National Formulary, and supplement
2.3 to any of them;

2.4 (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention
2.5 of disease; or

2.6 (iii) intended to affect the structure or any function of the body.

2.7 (2) "Durable medical equipment" means equipment, including repair and
2.8 replacement parts, but not including mobility enhancing equipment, that:

2.9 (i) can withstand repeated use;

2.10 (ii) is primarily and customarily used to serve a medical purpose;

2.11 (iii) generally is not useful to a person in the absence of illness or injury; and

2.12 (iv) is not worn in or on the body.

2.13 (3) "Mobility enhancing equipment" means equipment, including repair and
2.14 replacement parts, but not including durable medical equipment, that:

2.15 (i) is primarily and customarily used to provide or increase the ability to move from
2.16 one place to another and that is appropriate for use either in a home or a motor vehicle;

2.17 (ii) is not generally used by persons with normal mobility; and

2.18 (iii) does not include any motor vehicle or equipment on a motor vehicle normally
2.19 provided by a motor vehicle manufacturer.

2.20 (4) "Over-the-counter drug" means a drug that contains a label that identifies the
2.21 product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The
2.22 label must include a "drug facts" panel or a statement of the active ingredients with a list of
2.23 those ingredients contained in the compound, substance, or preparation. Over-the-counter
2.24 drugs do not include grooming and hygiene products, regardless of whether they otherwise
2.25 meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions,
2.26 shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

2.27 (5) "Prescribed" and "prescription" means a direction in the form of an order,
2.28 formula, or recipe issued in any form of oral, written, electronic, or other means of
2.29 transmission by a duly licensed health care professional.

2.30 (6) "Prosthetic device" means a replacement, corrective, or supportive device,
2.31 including repair and replacement parts, worn on or in the body to:

2.32 (i) artificially replace a missing portion of the body;

2.33 (ii) prevent or correct physical deformity or malfunction; or

2.34 (iii) support a weak or deformed portion of the body.

2.35 Prosthetic device does not include corrective eyeglasses.

2.36 (7) "Kidney dialysis equipment" means equipment that:

- 3.1 (i) is used to remove waste products that build up in the blood when the kidneys are
- 3.2 not able to do so on their own; and
- 3.3 (ii) can withstand repeated use, including multiple use by a single patient.
- 3.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.