



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

SYNOPSIS:

Under current law, the purchase of certain durable medical equipment is exempt from state and local sales, use, and lease taxes.

This bill would require certain health care providers to obtain a certificate of exemption from the Department of Revenue to make sales tax exempt purchases of certain durable medical equipment and medical supplies. This bill would provide further for the issuance of certificates of exemption.

A BILL  
TO BE ENTITLED  
AN ACT

To amend Sections 40-9-30 and 40-9-60, Code of Alabama, 1975, to require certain health care providers to obtain a certificate of exemption from the Department of Revenue to make sales tax exempt purchases of certain durable medical equipment and medical supplies; and to provide further for the issuance of certificates of exemption.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 40-9-30 and 40-9-60, Code of Alabama 1975, are amended to read as follows:



29           "§40-9-30

30           (a) As used in this section, the term "durable medical  
31 equipment" means equipment which can stand repeated use, is  
32 used to serve a purpose for medical reasons, and is  
33 appropriate and suitable for use in the home.

34           (b) Oxygen or durable medical equipment dispensed under  
35 orders from a duly licensed physician by a participating  
36 provider to a recipient of benefits under the Medicare program  
37 shall be exempt from state and local sales and use taxes.

38           (c) A provider who rents or leases oxygen or durable  
39 medical equipment to a recipient of benefits under the  
40 Medicare or Medicaid program under orders from a duly licensed  
41 physician shall be exempt from all state and local rental and  
42 leasing taxes.

43           (d) (1) In addition to any other exemptions provided in  
44 subsection (b) or (c), any items used for the treatment of  
45 illness or injury or to replace all or part of a limb or  
46 internal body part purchased by or on behalf of an individual  
47 pursuant to a valid prescription and covered by and billed to  
48 Medicare, Medicaid, or a health benefit plan shall be exempt  
49 from state, county, and municipal sales, use, and rental and  
50 leasing taxes, including, but not limited to, any of the  
51 following: Durable medical equipment, including repair parts  
52 and the disposable or single patient use supplies required for  
53 the use of the equipment; medical oxygen and related equipment  
54 and supplies; prosthetic and orthotic devices; and medical  
55 supplies, as defined and covered under the Medicare program,  
56 including, but not limited to, items such as catheters,



57 catheter supplies, ostomy bags and supplies related to ostomy  
58 care, specialized wound care products, and similar items that  
59 are covered by and billed to Medicare, Medicaid, or a health  
60 benefit plan.

61 (2) Beginning September 1, 2024, any health care  
62 provider claiming an exemption pursuant to this subsection  
63 shall obtain and maintain a certificate of exemption from the  
64 Department of Revenue, in accordance with the provisions of  
65 Section 40-9-60, prior to the purchase and shall provide the  
66 certificate to the seller at the time of the purchase."

67 "§40-9-60

68 (a) All persons or companies, including, but not  
69 limited to, those cited in this chapter, other than  
70 governmental entities, which have statutory exemption from the  
71 payment of Alabama sales and use taxes levied in, including,  
72 but not limited to, Chapter 23, or lodgings taxes levied in  
73 Chapter 26, regardless of the type of transaction or whether  
74 the tangible personal property is subject to sales and use tax  
75 or whether the accommodations are subject to lodgings tax,  
76 shall be required to annually obtain a certificate of  
77 exemption from the Department of Revenue. This requirement  
78 does not supersede or replace the provisions of Section  
79 40-9-14.1 or any other provision of statute requiring an  
80 entity to obtain a certificate of exemption.

81 Except as otherwise provided in this title, this ~~This~~  
82 article only applies to entities that have been granted a  
83 general exemption from sales, use, or lodging taxes. Except as  
84 otherwise provided in this title, the ~~The~~ requirements of this



85 article are not triggered by the purchase of tangible personal  
86 property that is exempt from sales and use tax.

87 (1) For purposes of this article, the term governmental  
88 entity means the Federal Government, the State of Alabama,  
89 Alabama public schools, Alabama public universities,  
90 healthcare authorities, airport authorities, Alabama counties  
91 and municipalities, and public corporations incorporated under  
92 any of the provisions of Chapter 50 of Title 11, Chapter 50A  
93 of Title 11, Chapter 5 of Title 37, or Chapter 7 of Title 39.

94 (2) The term governmental entity does not include  
95 public corporations, other than those public corporations  
96 described in subdivision (1), private schools, or private  
97 universities.

98 (3) For purposes of this article, the term lodgings tax  
99 means Transient Occupancy Tax, levied in Chapter 26.

100 (4) For the purposes of this article, the terms person  
101 or company shall have the same meaning as prescribed in  
102 Section 40-23-1.

103 (b) Certificates of exemption shall be valid for one  
104 year from the date of issuance and shall be renewed annually  
105 each subsequent year. Any person or company that fails to  
106 obtain or renew a certificate of exemption prior to its  
107 expiration may not make tax exempt purchases or rent tax  
108 exempt accommodations after the expiration. The Department of  
109 Revenue may assess any person or company with state and local  
110 sales, use, and lodgings tax for any transaction conducted  
111 with a certificate of exemption not properly accounted for and  
112 reported as required in Section 40-9-61. Any reports required



113 by the Department of Revenue shall be filed as a prerequisite  
114 to the renewal of a certificate of exemption.

115 (c) Any person or company that intentionally uses a  
116 certificate of exemption in violation of its intended purpose,  
117 in addition to the actual sales, use, and lodgings tax  
118 liability due, shall be subject to a civil penalty levied by  
119 the Department of Revenue in an amount of not less than  
120 two-thousand dollars (\$2,000) or two times any state and local  
121 sales, use, and lodgings tax due for the transactions,  
122 whichever is greater, and based on the person or company's  
123 willful misuse of the certificate of exemption, may be barred  
124 from the use of any certificate of exemption for up to two  
125 years.

126 (d) Except as otherwise provided in this title, this  
127 ~~This~~ section shall be operative for all applicable exempt  
128 persons or companies on January 1, 2016.

129 (e) The Department of Revenue may adopt rules to  
130 administer and implement this section and may adopt rules  
131 requiring an annual exemption certificate for persons or  
132 companies not subject to subsection (a), other than government  
133 entities, providing for an annual information report from such  
134 persons or companies, and imposing penalties equivalent to the  
135 penalties provided for in subsection (c) for noncompliance by  
136 such persons or companies in order to verify exemptions and  
137 make reports to the Legislature."

138 Section 2. This act shall become effective immediately.