
ASSEMBLY BILL NO. 351—ASSEMBLYMEN OHRENSCHALL
AND CLABORN

MARCH 17, 2003

Referred to Committee on Taxation

SUMMARY—Proposes to exempt medicines and medical devices that are ordered for senior citizens by providers of health care and sold over counter, without prescription, from taxes on retail sales. (BDR 32-74)

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 medicines and medical devices that are ordered for senior citizens by providers of health care and sold over the counter, without a prescription; 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 2, 2004, a
2 proposal must be submitted to the registered voters of this state to
3 amend the Sales and Use Tax Act, which was enacted by the 47th
4 Session of the Legislature of the State of Nevada and approved by
5 the Governor in 1955, and subsequently approved by the people of
6 this state at the general election held on November 6, 1956.

7 **Sec. 2.** At the time and in the manner provided by law, the
8 Secretary of State shall transmit the proposed act to the several
9 county clerks, and the county clerks shall cause it to be published
10 and posted as provided by law.



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

4 Notice is hereby given that at the general election on
5 November 2, 2004, a question will appear on the ballot for
6 the adoption or rejection by the registered voters of the State
7 of the following proposed act:

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

14
15 THE PEOPLE OF THE STATE OF NEVADA
16 DO ENACT AS FOLLOWS:

17
18 Section 1. The above-entitled act, being chapter 397,
19 Statutes of Nevada 1955, at page 762, is hereby amended by
20 adding thereto a new section to be designated as section 55.5,
21 immediately following section 55, to read as follows:

22 *Sec. 55.5. 1. There are exempted from the taxes*
23 *imposed by this chapter the gross receipts from sales and*
24 *the storage, use or other consumption of medicine and*
25 *medical devices that are:*

26 *(a) Ordered by a licensed provider of health care,*
27 *within his scope of practice, for use by a person who is*
28 *62 years of age or older; and*

29 *(b) Sold over the counter, without a prescription.*

30 2. *For the purposes of this section, an order of*
31 *a licensed provider of health care for medicine or a*
32 *medical device sold over the counter, without a*
33 *prescription, must be in such form as the Department*
34 *shall prescribe.*

35 3. *As used in this section:*

36 *(a) "Medical device" means medical equipment and*
37 *supplies that are dispensed for human use, including,*
38 *without limitation, splints, bandages, pads, compresses,*
39 *dressings, crutches, canes, mechanical, electronic and*
40 *physical equipment, braces and supports, orthopedic*
41 *devices, irrigation solutions, nebulizers, urological*
42 *equipment and supplies, diabetic testing materials and*
43 *oxygen equipment.*

44 *(b) "Medicine" means any substance or preparation*
45 *intended for use by external or internal application to the*



1 *human body in the diagnosis, cure, mitigation, treatment*
2 *or prevention of disease or affliction of the human body*
3 *and which is commonly recognized as a substance or*
4 *preparation intended for such use.*

5 Sec. 2. This act becomes effective on January 1, 2005.

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

9 Shall the Sales and Use Tax Act of 1955 be amended to
10 provide an exemption from the taxes imposed by this act on
11 the gross receipts from the sale and storage, use or other
12 consumption of medicines and medical devices that are
13 ordered for senior citizens by providers of health care and
14 sold over the counter, without a prescription?

15 Yes No

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

20
21 (Explanation of Question)
22 The proposed amendment to the Sales and Use Tax Act of
23 1955 would exempt from the taxes imposed by this act the
24 gross receipts from the sale and storage, use or other
25 consumption of medicines and medical devices that are
26 ordered for senior citizens by providers of health care and
27 sold over the counter, without a prescription. If this proposal
28 is adopted, the Legislature has provided that the Local School
29 Support Tax Law and certain analogous taxes on retail sales
30 will be amended to provide the same exemption.

31 **Sec. 6.** If a majority of the votes cast on the question is yes,
32 the amendment to the Sales and Use Tax Act of 1955 becomes
33 effective on January 1, 2005. If less than a majority of votes cast on
34 the question is yes, the question fails and the amendment to the
35 Sales and Use Tax Act of 1955 does not become effective.

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

38 **Sec. 8.** Any informalities, omissions or defects in the content
39 or making of the publications, proclamations or notices provided for
40 in this act and by the general election laws under which this election
41 is held must be so construed as not to invalidate the adoption of the
42 act by a majority of the registered voters voting on the question if it
43 can be ascertained with reasonable certainty from the official returns
44 transmitted to the Office of the Secretary of State whether the



1 proposed amendment was adopted by a majority of those registered
2 voters.

3 **Sec. 9.** Chapter 374 of NRS is hereby amended by adding
4 thereto a new section to read as follows:

5 *1. There are exempted from the taxes imposed by this chapter*
6 *the gross receipts from sales and the storage, use or other*
7 *consumption of medicine and medical devices that are:*

8 *(a) Ordered by a licensed provider of health care, within his*
9 *scope of practice, for use by a person who is 62 years of age or*
10 *older; and*

11 *(b) Sold over the counter, without a prescription.*

12 *2. For the purposes of this section, an order of a licensed*
13 *provider of health care for medicine or a medical device sold over*
14 *the counter, without a prescription, must be in such form as the*
15 *Department shall prescribe.*

16 *3. As used in this section:*

17 *(a) "Medical device" means medical equipment and supplies*
18 *that are dispensed for human use, including, without limitation,*
19 *splints, bandages, pads, compresses, dressings, crutches, canes,*
20 *mechanical, electronic and physical equipment, braces and*
21 *supports, orthopedic devices, irrigation solutions, nebulizers,*
22 *urological equipment and supplies, diabetic testing materials and*
23 *oxygen equipment.*

24 *(b) "Medicine" means any substance or preparation intended*
25 *for use by external or internal application to the human body in*
26 *the diagnosis, cure, mitigation, treatment or prevention of disease*
27 *or affliction of the human body and which is commonly*
28 *recognized as a substance or preparation intended for such use.*

29 **Sec. 10.** Section 9 of this act becomes effective on January 1,
30 2005, only if the proposal submitted pursuant to sections 1 to 5,
31 inclusive, of this act is approved by the voters at the general election
32 on November 2, 2004.

