

1 HB287  
2 95572-1  
3 By Representatives Gipson, Grimes, Canfield, DeMarco and Hill  
4 RFD: Education Appropriations  
5 First Read: 05-FEB-08

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8 SYNOPSIS: Under current state sales tax law,  
9 medicines prescribed by a physician and  
10 subsequently filled by a licensed pharmacist are  
11 exempt from sales taxation.

12 Certain items which are more commonly  
13 recognized as "Over-the-Counter" medications, that  
14 are being purchased with increasing frequency by  
15 individuals for medically related uses often place  
16 a financial burden on their users. In order to  
17 grant tax relief for the rising cost of obtaining  
18 certain medically necessary products, this Act  
19 would provide further sales tax exemptions.

20  
21 A BILL  
22 TO BE ENTITLED  
23 AN ACT  
24

25 In order to grant tax relief for the cost of  
26 obtaining certain medically necessary products, this Act would  
27 provide further sales tax exemptions by adding a new Section

1 40-23-4.4 to be entitled "Over-the-Counter medications  
2 exempt."

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Section 40-23-4.4 is hereby added to the  
5 Code of Alabama, 1975 to read as follows:

6 40-23-4.4. Over-the-Counter medications exempt.

7 (a) The term "over-the-counter medications" means a  
8 drug that contains a label that identifies the product as a  
9 drug. The outside container or wrapper of the retail package,  
10 or the immediate container label if there is no outside  
11 container or wrapper, shall contain the title, headings,  
12 subheadings, and related information.

13 (1.) The "over-the-counter-drug" label includes:

14 1. A "Drug Facts" panel; or

15 2. A statement of the "active ingredient(s)" with a  
16 list of those ingredients contained in the compound, substance  
17 or preparation.

18 (2.) This exemption does not include "grooming and  
19 hygiene products" or "Dietary supplements".

20 (b) Additional clarification as to the meaning of  
21 "over-the-counter medications" shall be promulgated in rules  
22 adoption under the provisions of the Administrative Procedures  
23 Act.

24 (c) Over-the-counter medications, as defined in  
25 subsections (a) and (b) of this section, shall be exempt from  
26 city, county and state sales taxes.

1                   Section 2. The provisions of this act are severable.  
2                   If any part of this act is declared invalid or  
3                   unconstitutional, that declaration shall not affect the part  
4                   which remains.

5                   Section 3. All laws or parts of laws which conflict  
6                   with this act are hereby repealed.

7                   Section 4. This act shall become effective for the  
8                   tax years beginning on or after January 1, 2009.