HOUSE BILL 192

50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012

INTRODUCED BY

Jim R. Trujillo

AN ACT

RELATING TO TAXATION; PROVIDING A DEDUCTION FROM GROSS RECEIPTS FOR SALES OF DURABLE MEDICAL EQUIPMENT AND MEDICAL SUPPLIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-9-73.2 NMSA 1978 (being Laws 1998, Chapter 95, Section 2 and Laws 1998, Chapter 99, Section 4, as amended) is amended to read:

"7-9-73.2. DEDUCTION--GROSS RECEIPTS TAX AND GOVERNMENTAL GROSS RECEIPTS TAX--PRESCRIPTION DRUGS--OXYGEN--DURABLE MEDICAL EQUIPMENT--MEDICAL SUPPLIES.--

[A. Receipts from the sale of prescription drugs and oxygen and oxygen services provided by a licensed medicare durable medical equipment provider may be deducted from gross receipts and governmental gross receipts.

B. For the purposes of this section]
A. Receipts from the sale of the following may be deducted from gross receipts and governmental gross receipts:

   (1) prescription drugs; and
   (2) if provided by a licensed medicare durable medical equipment provider:
       (a) oxygen and oxygen services provided by a licensed medicare durable medical equipment provider;
       (b) prescribed durable medical equipment; and
       (c) prescribed medical supplies.

B. The purpose of the deductions provided in this section is to help retain businesses in New Mexico that sell durable medical equipment, including oxygen and oxygen services and medical supplies, and to provide prescription drugs to New Mexicans without the added cost of taxation.

C. Deductions pursuant to this section shall be stated separately by the taxpayer on forms provided by the department.

D. The department shall annually report to the interim legislative revenue stabilization and tax policy committee aggregate amounts of each deduction taken pursuant to this section, the number of taxpayers claiming each deduction and any other information that is necessary to determine that the deduction is performing the purposes for which it is enacted.
E. As used in this section:

(1) "durable medical equipment" means a medical assistive device or other equipment that:

(a) can withstand repeated use;

(b) is primarily and customarily used to serve a medical purpose and is not useful to an individual in the absence of an illness, injury or other medical necessity, including improved functioning of a body part;

(c) is appropriate for use at home exclusively by the eligible recipient for whom the durable medical equipment is prescribed; and

(d) is prescribed by a physician or other person licensed by the state to prescribe durable medical equipment;

(2) "medical supplies" means prescribed items for a course of medical treatment, including nutritional products prescribed for non-oral consumption, that are:

(a) necessary for an ongoing course of medical treatment;

(b) disposable and cannot be reused; and

(c) prescribed by a physician or other person licensed by the state to prescribe medical supplies;

(3) "prescribe" means to authorize the use of an item or substance for a course of medical treatment; and

(4) "prescription drugs" means insulin and
substances that are:

[(1)] (a) dispensed by or under the supervision of a licensed pharmacist or by a physician or other person authorized under state law to do so;

[(2)] (b) prescribed for a specified person by a person authorized under state law to prescribe the substance; and

[(3)] (c) subject to the restrictions on sale contained in Subparagraph 1 of Subsection (b) of 21 USCA 353."

SECTION 2. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2012.