

STORAGE NAME: h1533.hcs

DATE: March 26, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
HEALTH CARE SERVICES
ANALYSIS**

BILL #: HB 1533

RELATING TO: Tax Exemption/Pregnancy Test Kits

SPONSOR(S): Representative Albright

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) HEALTH CARE SERVICES
 - (2) FINANCE & TAXATION
 - (3) GENERAL GOVERNMENT APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

HB 1533 provides a sales tax exemption for home pregnancy test kits for humans.

The bill provides for an effective date of January 1, 2001.

The bill will have an unknown fiscal impact on the state.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Pregnancy Test Kits

Human chorionic gonadotropin (HCG), a glycoprotein, is produced by trophoblastic cells in the placenta of the developing embryo. HCG's primary function is to maintain the corpus luteum, and within 8 to 10 days after conception the concentration of HCG in the urine is detectable. Because ovulation and fertilization occur about 14 days before menses begins, HCG will reach detectable levels in most women as early as the first day after the missed menstrual period. Concentration of HCG will be highest in the first morning urine sample. HCG production peaks at about 6 to 8 weeks, after which time it begins to decrease until delivery. Since HCG is only produced by the placenta in healthy women, it is a specific test for pregnancy. However, there are several diseases that cause elevations of HCG, such as germ cell neoplasms, adenocarcinomas of the ovary, and cancer of the pancreas, stomach, and liver.

All pregnancy kits utilize monoclonal antibody reactions. A solid support holds the anti-HCG antibody which binds the HCG present in the urine. The solid support also contains a second antibody, the beta subunit of HCG, bound to an enzyme. The enzyme reaction produces a color when the HCG binds to the anti-HCG antibody, indicating a positive test.

Tests are performed either by placing the test stick in the urine stream or by placing a sample of urine from a collection container on a test area of a device. The urine stream test is preferred by some patients because it eliminates the need to collect a urine sample. All kits contain an internal color area that signifies when the test is complete. Any result read before the testing time is completed may be in error. Answer Plus (Carter Wallace), Fact Plus (Ortho), and Fortel Plus (Bioamerica) require patients to collect a sample of urine in a container and add a few drops for testing. E.p.t. (Parke-Davis), Quick Stick (Quidel), Clearblue (Whitehall), First Response 1-Step (Carter Wallace), and Fortel Midstream (Bioamerica) are urine stream tests. [Source: Temple University, <http://www.temple.edu/pharmacy/hometest/index.htm>]

Tax on Sales, Use, and Other Transactions

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Chapter 212, F.S., relates to tax on sales, use, and other transactions. Section 212.08(2), F.S., provides, in part, an exemption from tax for certain medicines, medical supplies, and similar items. The exemption specifically extends to chemicals and test kits used to diagnose or treat human disease, illness, or injury. The exemption does not extend to the diagnosis of conditions that would not be considered diseases, illnesses, injuries, or specific medical conditions such as pregnancy.

Anecdotal evidence suggests that there is currently some variability in the application of a tax on the sale of home pregnancy test kits.

C. EFFECT OF PROPOSED CHANGES:

HB 1533 provides a sales tax exemption for the home test kits used to establish whether or not a woman is pregnant. The bill provides for an effective date of January 1, 2001.

D. SECTION-BY-SECTION ANALYSIS:

See Item C. above.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Fiscal impact on state government revenues is unknown as there is no information available on the number of home pregnancy test kits sold within the state.

2. Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

Fiscal impact on state government revenues is unknown as there is no information available on the number of home pregnancy test kits sold within the state.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that counties or municipalities have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE SERVICES:

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