

1 SB272  
2 127028-1  
3 By Senators Beasley, Irons, Fielding, Holtzclaw, Dunn, Pittman  
4 and Taylor  
5 RFD: Finance and Taxation General Fund  
6 First Read: 24-MAR-11

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8 SYNOPSIS: Under existing law, prescription drugs are  
9 exempt from sales tax.

10 This bill would provide that prescription  
11 drugs would be exempt from business license taxes  
12 based on gross receipts.

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14 A BILL  
15 TO BE ENTITLED  
16 AN ACT

17  
18 To amend Section 40-23-4.1 of the Code of Alabama  
19 1975, providing that certain drugs are exempt from gross sales  
20 tax, to include an exemption from business license taxes based  
21 on gross receipts.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. Section 40-23-4.1 of the Code of Alabama  
24 1975, is amended to read as follows:

25 "§40-23-4.1.

26 "(a) The term "drugs" shall include any medicine  
27 prescribed by physicians when the prescription is filled by a

1 licensed pharmacist, or sold to the patient by the physician,  
2 for human consumption or intake.

3 "(b) In addition to any and all items exempt from  
4 gross sales tax, certain drugs, as defined in subsection (a)  
5 of this section, shall be exempt from state gross sales taxes  
6 as defined in Section 40-23-2.

7 "(c) In addition, any prescription drugs exempt from  
8 gross sales tax pursuant to subsection (b) shall be exempt  
9 from the calculation of gross receipts for any business  
10 license tax based on gross receipts as provided for in Article  
11 2, commencing at Section 11-51-90, Chapter 51, Title 11, or  
12 otherwise authorized by law."

13 Section 2. This act shall become effective  
14 immediately following its passage and approval by the  
15 Governor, or its otherwise becoming law.