



STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA
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December 7, 1977

Ms. J--- K. C---
General Accounting Manager
L---/Division of V---
XXXX --- --- Boulevard
---, California XXXXX

SR -- XX-XXXXXX

Dear Ms. C---:

This is in reply to your letter of October 24, 1977 to Mr. Templeton of our Long Beach office, which has been referred to the undersigned for reply.

You have inquired about the recent amendments to Revenue and Taxation Code Section 6369, effective October 1, 1977.

As we understand it, the L--- Division of V--- Corporation manufactures and distributes hemodialysis products, mainly blood tubing sets.

A list of the products described in your catalogs includes:

- Blood Tubing Sets
- Cannula Systems
- Declotting Trays
- Declotting Catheter Sets
- Declotting Asperators
- Accessories and Instrumentation

Revenue and Taxation Code Section 6369(c) now provides in part:

“‘Medicines’ as used in this section shall mean and include: ...

- (2) Bone screws, bone pins, pacemakers, and other articles, other than dentures, permanently implanted in the human body to assist the functioning of any natural organ, artery, vein, or limb and which remain or dissolve in the body;...

(4) Prosthetic devices, other than dentures and auditory, ophthalmic and ocular devices or appliances, designed to be worn on or in the person of the user to replace or assist the functioning of a natural part of the human body..."

We have concluded that the products listed above would not be considered prosthetic devices as defined in Section 6369(c)(4). They would, therefore, not be considered "medicines" within the meaning of Revenue and Taxation Code Section 6369 and tax would apply to their sale. A possible exception would exist in the case of the "cannula systems" which appear in some cases to be implanted in the human body. These items would be exempt from the tax if they are permanently implanted in the human body.

If you have further questions concerning this matter, please write this office.

Very truly yours,

Mary C. Armstrong
Legal Counsel

MCA:jw

bc: Long Beach – Auditing (SK)
Audit Evaluation and Planning Unit