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MEMORANDUM

To: Members of the House Committee on Taxation

From: Adam Siebers, Assistant Revisor

Date: March 8, 2022

Subject: House Bill No. 2721

Summary

House Bill No. 2721 would provide a sales tax exemption for sales of over-the-counter drugs. "Over-the-counter drug" is defined pursuant to K.S.A. 79-3602 to mean:

“[A] drug that contains a label that identifies the product as a drug as required by 21 C.F.R. § 201.66. The over-the-counter drug label includes: (1) A drug facts panel; or (2) a statement of the active ingredients with a list of those ingredients contained in the compound, substance or preparation. Over-the-counter drugs do not include grooming and hygiene products such as soaps, cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan lotions and screens.”

21 C.F.R. § 201.66 is the federal regulation that establishes the:

“Format and content requirements for over-the-counter (OTC) drug product labeling”.