

# Washington Annual Compliance Review

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**Introduction** This document addresses three comments raised in the preliminary report (the "Report") concerning Washington's 2012 annual recertification. This document provides Washington's responses to the Report's comments. The Report's comments fall into the following two categories:

- Taxability Matrix changes
- Certificate of Compliance changes

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**Taxability Matrix changes** **REPORT COMMENT:**  
"Delete "N/A" wherever it appears at the beginning of a comment."

**WASHINGTON RESPONSE:**  
Washington is not out of compliance with the Agreement. However, we will update the Taxability Matrix consistent with the Report Comment.

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**Taxability Matrix Change** **REPORT COMMENT:**  
"The statute does not define grooming and hygiene products. The statutory definition of over-the counter drugs does not exclude grooming and hygiene products. The Agreement defines over-the-counter drugs to include grooming and hygiene products that meet the definition of over-the-counter drugs unless specifically excluded. The statute exempts drugs, which include over-the-counter drugs, with a prescription. The taxability matrix shows grooming and hygiene products as taxable with no comment regarding those that meet the definition of over-the-counter drugs with a prescription."

**WASHINGTON RESPONSE:**  
Washington is not out of compliance with the Agreement. However, we will update the Taxability Matrix to reflect that grooming and hygiene products are exempt to the extent they meet the definition of over-the-counter drugs and are issued pursuant to a prescription.

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**Certificate of Compliance changes** **REPORT COMMENT:**  
Section 314, paragraph D, change "No" to "N/A"; Section 318 change in response.

**WASHINGTON RESPONSE:**  
Washington is not out of compliance with the Agreement. The suggested changes will be made to the Certificate of Compliance.

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