
SENATE BILL 6623

State of Washington 60th Legislature 2008 Regular Session

By Senators Marr and Parlette; by request of Department of Revenue

Read first time 01/21/08. Referred to Committee on Ways & Means.

1 AN ACT Relating to tax exemptions for temporary medical housing
2 provided by health or social welfare organizations, as defined in RCW
3 82.04.431; amending RCW 82.04.431 and 36.100.040; adding a new section
4 to chapter 82.08 RCW; adding a new section to chapter 67.28 RCW; adding
5 a new section to chapter 67.40 RCW; adding a new section to chapter
6 35.101 RCW; and providing an effective date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 **Sec. 1.** RCW 82.04.431 and 1986 c 261 s 6 are each amended to read
9 as follows:

10 (1) For the purposes of RCW 82.04.4297, 82.04.4311, 82.08.02915,
11 82.12.02915, and section 2 of this act, the term "health or social
12 welfare organization" means an organization, including any community
13 action council, which renders health or social welfare services as
14 defined in subsection (2) of this section, which is a not-for-profit
15 corporation under chapter 24.03 RCW and which is managed by a governing
16 board of not less than eight individuals none of whom is a paid
17 employee of the organization or which is a corporation sole under
18 chapter 24.12 RCW. Health or social welfare organization does not

1 include a corporation providing professional services as authorized in
2 chapter 18.100 RCW. In addition a corporation in order to be exempt
3 under RCW 82.04.4297 shall satisfy the following conditions:

4 (a) No part of its income may be paid directly or indirectly to its
5 members, stockholders, officers, directors, or trustees except in the
6 form of services rendered by the corporation in accordance with its
7 purposes and bylaws;

8 (b) Salary or compensation paid to its officers and executives must
9 be only for actual services rendered, and at levels comparable to the
10 salary or compensation of like positions within the public service of
11 the state;

12 (c) Assets of the corporation must be irrevocably dedicated to the
13 activities for which the exemption is granted and, on the liquidation,
14 dissolution, or abandonment by the corporation, may not inure directly
15 or indirectly to the benefit of any member or individual except a
16 nonprofit organization, association, or corporation which also would be
17 entitled to the exemption;

18 (d) The corporation must be duly licensed or certified where
19 licensing or certification is required by law or regulation;

20 (e) The amounts received qualifying for exemption must be used for
21 the activities for which the exemption is granted;

22 (f) Services must be available regardless of race, color, national
23 origin, or ancestry; and

24 (g) The director of revenue shall have access to its books in order
25 to determine whether the corporation is exempt from taxes within the
26 intent of RCW 82.04.4297 and this section.

27 (2) The term "health or social welfare services" includes and is
28 limited to:

29 (a) Mental health, drug, or alcoholism counseling or treatment;

30 (b) Family counseling;

31 (c) Health care services;

32 (d) Therapeutic, diagnostic, rehabilitative, or restorative
33 services for the care of the sick, aged, or physically,
34 developmentally, or emotionally-disabled individuals;

35 (e) Activities which are for the purpose of preventing or
36 ameliorating juvenile delinquency or child abuse, including
37 recreational activities for those purposes;

38 (f) Care of orphans or foster children;

- 1 (g) Day care of children;
- 2 (h) Employment development, training, and placement;
- 3 (i) Legal services to the indigent;
- 4 (j) Weatherization assistance or minor home repair for low-income
- 5 homeowners or renters;

6 (k) Assistance to low-income homeowners and renters to offset the
7 cost of home heating energy, through direct benefits to eligible
8 households or to fuel vendors on behalf of eligible households; ~~((and))~~

9 (l) Community services to low-income individuals, families, and
10 groups, which are designed to have a measurable and potentially major
11 impact on causes of poverty in communities of the state; and

12 (m) Temporary medical housing, as defined in section 2 of this act,
13 if the housing is provided only:

14 (i) While the patient is receiving medical treatment at a hospital
15 required to be licensed under RCW 70.41.090 or at an outpatient clinic
16 associated with such hospital, including any period of recuperation or
17 observation immediately following such medical treatment; and

18 (ii) By a person that does not furnish lodging or related services
19 to the general public.

20 NEW SECTION. Sec. 2. A new section is added to chapter 82.08 RCW
21 to read as follows:

22 (1) The tax levied by RCW 82.08.020 does not apply to sales of
23 temporary medical housing by a health or social welfare organization,
24 if the following conditions are met:

25 (a) The temporary medical housing is provided only:

26 (i) While the patient is receiving medical treatment at: (A) A
27 hospital required to be licensed under RCW 70.41.090; or (B) an
28 outpatient clinic associated with such hospital; or

29 (ii) During any period of recuperation or observation immediately
30 following medical treatment received by a patient at a facility in
31 (a)(i)(A) or (B) of this subsection; and

32 (b) The health or social welfare organization does not furnish
33 lodging or related services to the general public.

34 (2) For the purposes of this section, the following definitions
35 apply:

36 (a) "Health or social welfare organization" has the meaning
37 provided in RCW 82.04.431; and

1 (b) "Temporary medical housing" means transient lodging and related
2 services provided to a patient or the patient's immediate family, legal
3 guardian, or other persons necessary to the patient's mental or
4 physical well-being.

5 NEW SECTION. **Sec. 3.** A new section is added to chapter 67.28 RCW
6 to read as follows:

7 The taxes on lodging authorized under this chapter do not apply to
8 sales of temporary medical housing exempt under section 2 of this act.

9 NEW SECTION. **Sec. 4.** A new section is added to chapter 67.40 RCW
10 to read as follows:

11 The tax imposed in RCW 67.40.090 and the tax authorized under RCW
12 67.40.130 do not apply to sales of temporary medical housing exempt
13 under section 2 of this act.

14 **Sec. 5.** RCW 36.100.040 and 2002 c 178 s 5 are each amended to read
15 as follows:

16 (1) A public facilities district may impose an excise tax on the
17 sale of or charge made for the furnishing of lodging that is subject to
18 tax under chapter 82.08 RCW, except that no such tax may be levied on
19 any premises having fewer than forty lodging units. However, if a
20 public facilities district has not imposed such an excise tax prior to
21 December 31, 1995, the public facilities district may only impose the
22 excise tax if a ballot proposition authorizing the imposition of the
23 tax has been approved by a simple majority vote of voters of the public
24 facilities district voting on the proposition.

25 (2) The rate of the tax shall not exceed two percent and the
26 proceeds of the tax shall only be used for the acquisition, design,
27 construction, remodeling, maintenance, equipping, reequipping,
28 repairing, and operation of its public facilities. This excise tax
29 shall not be imposed until the district has approved the proposal to
30 acquire, design, and construct the public facilities.

31 (3) A public facilities district may not impose the tax authorized
32 in this section if, after the tax authorized in this section was
33 imposed, the effective combined rate of state and local excise taxes,
34 including sales and use taxes and excise taxes on lodging, imposed on

1 the sale of or charge made for furnishing of lodging in any
2 jurisdiction in the public facilities district exceeds eleven and one-
3 half percent.

4 (4) The tax imposed in this section does not apply to sales of
5 temporary medical housing exempt under section 2 of this act.

6 NEW SECTION. Sec. 6. A new section is added to chapter 35.101 RCW
7 to read as follows:

8 The lodging charge authorized in RCW 35.101.050 does not apply to
9 temporary medical housing exempt under section 2 of this act.

10 NEW SECTION. Sec. 7. This act takes effect July 1, 2008.

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