
SUBSTITUTE HOUSE BILL 1440

State of Washington

54th Legislature

1995 Regular Session

By House Committee on Finance (originally sponsored by Representatives Boldt, Dyer, Morris, Backlund, Van Luven, Dellwo, Carrell, B. Thomas, L. Thomas, Thompson, Costa, Sherstad, Chandler, Kremen, Cooke and Jacobsen)

Read first time 03/06/95.

1 AN ACT Relating to tax exemptions for nonprofit blood banks;
2 amending RCW 84.36.035 and 84.36.805; adding a new section to chapter
3 82.04 RCW; adding a new section to chapter 82.08 RCW; adding a new
4 section to chapter 82.12 RCW; creating a new section; providing an
5 effective date; and declaring an emergency.

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

7 **Sec. 1.** RCW 84.36.035 and 1971 ex.s. c 206 s 1 are each amended to
8 read as follows:

9 The following property shall be exempt from taxation:

10 All property, whether real or personal, belonging to or leased by
11 any nonprofit corporation or association and used exclusively in the
12 business of performing research on, procuring, testing, processing,
13 storing, packaging, distributing, or using human whole blood, plasma,
14 blood products, ((and)) blood derivatives, musculoskeletal tissue,
15 tissue derivatives, or related products, or in the administration of
16 such business. If the real or personal property is leased, the benefit
17 of the exemption shall inure to the nonprofit corporation or
18 association.

1 **Sec. 2.** RCW 84.36.805 and 1993 c 79 s 3 are each amended to read
2 as follows:

3 In order to be exempt pursuant to RCW 84.36.030, 84.36.550,
4 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,
5 84.36.047, 84.36.050, 84.36.060, 84.36.350, and 84.36.480, the
6 nonprofit organizations, associations or corporations shall satisfy the
7 following conditions:

8 (1) The property is used exclusively for the actual operation of
9 the activity for which exemption is granted, unless otherwise provided,
10 and does not exceed an amount reasonably necessary for that purpose,
11 except:

12 (a) The loan or rental of the property does not subject the
13 property to tax if:

14 (i) The rents and donations received for the use of the portion of
15 the property are reasonable and do not exceed the maintenance and
16 operation expenses attributable to the portion of the property loaned
17 or rented; and

18 (ii) Except for the exemptions under RCW 84.36.030(4) and
19 84.36.037, the property would be exempt from tax if owned by the
20 organization to which it is loaned or rented;

21 (b) The use of the property for fund-raising activities does not
22 subject the property to tax if the fund-raising activities are
23 consistent with the purposes for which the exemption is granted;

24 (2) The property is irrevocably dedicated to the purpose for which
25 exemption has been granted, and on the liquidation, dissolution, or
26 abandonment by said organization, association, or corporation, said
27 property will not inure directly or indirectly to the benefit of any
28 shareholder or individual, except a nonprofit organization,
29 association, or corporation which too would be entitled to property tax
30 exemption: PROVIDED, That the property need not be irrevocably
31 dedicated if it is leased or rented to those qualified for exemption
32 pursuant to RCW 84.36.035, 84.36.040, 84.36.041, or 84.36.043 or those
33 qualified for exemption as an association engaged in the production or
34 performance of musical, dance, artistic, dramatic, or literary works
35 pursuant to RCW 84.36.060, but only if under the terms of the lease or
36 rental agreement the nonprofit organization, association, or
37 corporation receives the benefit of the exemption;

38 (3) The facilities and services are available to all regardless of
39 race, color, national origin or ancestry;

1 (4) The organization, association, or corporation is duly licensed
2 or certified where such licensing or certification is required by law
3 or regulation;

4 (5) Property sold to organizations, associations, or corporations
5 with an option to be repurchased by the seller shall not qualify for
6 exempt status;

7 (6) The director of the department of revenue shall have access to
8 its books in order to determine whether such organization, association,
9 or corporation is exempt from taxes within the intent of RCW 84.36.030,
10 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,
11 84.36.047, 84.36.050, 84.36.060, 84.36.350, and 84.36.480.

12 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04 RCW
13 to read as follows:

14 (1) As used in this section:

15 (a) "Blood" includes human whole blood, plasma, blood derivatives,
16 and related products.

17 (b) "Bone" includes human bone, bone marrow, and related products.

18 (c) "Tissue" includes human musculoskeletal tissue, musculoskeletal
19 tissue derivatives, and related products.

20 (d) "Blood, bone, or tissue bank" means an organization exempt from
21 federal income tax under section 501(c)(3) of the federal internal
22 revenue code, organized solely for the purpose of performing research
23 on, procuring, testing, processing, storing, packaging, distributing,
24 or using blood, bone, or tissue.

25 (e) "Medical supplies" means any item of tangible personal
26 property, including any repair and replacement parts for such tangible
27 personal property, used by a blood, tissue, or bone bank for the
28 purpose of performing research on, procuring, testing, processing,
29 storing, packaging, distributing, or using blood, bone, or tissue. The
30 term includes tangible personal property used to:

31 (i) Provide preparatory treatment of blood, bone, or tissue;

32 (ii) Control, guide, measure, tune, verify, align, regulate, test,
33 or physically support blood, bone, or tissue; and

34 (iii) Protect the health and safety of employees or others present
35 during research on, procuring, testing, processing, storing, packaging,
36 distributing, or using blood, bone, or tissue.

1 (f) "Chemical" means any catalyst, solvent, water, acid, oil, or
2 other additive that physically or chemically interacts with blood,
3 bone, or tissue.

4 (g) "Materials" means any item of tangible personal property,
5 including, but not limited to, bags, packs, collecting sets, filtering
6 materials, testing reagents, antisera, and refrigerants used or
7 consumed in performing research on, procuring, testing, processing,
8 storing, packaging, distributing, or using blood, bone, or tissue.

9 (h) "Research" means basic and applied research that has as its
10 objective the design, development, refinement, testing, marketing, or
11 commercialization of a product, service, or process.

12 (2) This chapter does not apply to amounts received by blood, bone,
13 or tissue banks, to the extent the amounts are exempt from federal
14 income tax.

15 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08 RCW
16 to read as follows:

17 The tax levied by RCW 82.08.020 does not apply to the sale of
18 medical supplies, chemicals, or materials to a blood, bone, or tissue
19 bank. The definitions in section 3 of this act apply to this section.
20 The exemption in this section does not apply to the sale of
21 construction materials, office equipment, building equipment,
22 administrative supplies, or vehicles.

23 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.12 RCW
24 to read as follows:

25 The provisions of this chapter do not apply in respect to the use
26 of medical supplies, chemicals, or materials by a blood, bone, or
27 tissue bank. The definitions in section 3 of this act apply to this
28 section. The exemption in this section does not apply to the use of
29 construction materials, office equipment, building equipment,
30 administrative supplies, or vehicles.

31 NEW SECTION. **Sec. 6.** Sections 1 and 2 of this act are effective
32 for taxes levied for collection in 1996 and thereafter.

33 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
34 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and shall take
2 effect July 1, 1995.

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