

SENATE BILL REPORT

SB 5848

As of February 27, 2013

Title: An act relating to modifying the nonprofit tax exemption for qualifying blood, tissue, or blood and tissue banks.

Brief Description: Modifying the nonprofit tax exemption for qualifying blood, tissue, or blood and tissue banks.

Sponsors: Senators Becker, Cleveland and Rivers.

Brief History:

Committee Activity: Ways & Means: 2/27/13.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Juliana Roe (786-7438)

Background: As a general rule, nonprofit organizations are subject to state and local taxes unless there is a specific statutory exemption. An exemption from federal income tax does not automatically provide an exemption from state and local taxes. Washington State provides tax exemptions for several types of nonprofit organizations.

In 2004, the Legislature reenacted exemptions for nonprofit blood, bone, and tissue banks. A qualifying blood bank must have a primary business purpose of collecting, preparing, and processing blood. A qualifying tissue bank must have a primary business purpose of recovering, processing, storing, labeling, packaging, or distributing human bone tissue, ligament tissue and similar musculoskeletal tissues, skin tissue, heart valve tissue, or human eye tissue. A qualifying blood and tissue bank must have a primary business purpose of collecting, preparing, and processing blood. All of the qualifying banks must be considered, under federal law as it existed on June 10, 2004, exempt nonprofit organizations and registered pursuant to federal law. These qualifying banks are exempt from the B&O tax, retail sales and use taxes, and property taxes.

Summary of Bill: The definitions of qualifying blood bank and qualifying blood and tissue bank are expanded to include testing or processing of blood, on behalf of itself or another qualifying blood bank or qualifying blood and tissue bank. These expanded activities will be exempt from the B&O tax, retail sales and use taxes, and property taxes.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill does not expand the lines on a nontaxable activity, but rather adds the ability for different functions to be performed at different businesses. This bill will drive down blood-testing costs.

Persons Testifying: PRO: Len McComb, Phillip Williamsome, Creating Testing Solutions; James AuBuchon, Puget Sound Blood Center.