
HOUSE BILL 3116

State of Washington

58th Legislature

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By Representatives Murray, Cairnes, Sehlin, Sommers, McIntire, Lovick, Hatfield, Kenney, Morrell and Santos

Read first time 01/28/2004. Referred to Committee on Finance.

1 AN ACT Relating to modifying tax exemptions for blood banks, bone
2 or tissue banks, and comprehensive cancer centers; and amending RCW
3 82.04.324, 82.08.02805, 82.12.02747, and 84.36.035.

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

5 **Sec. 1.** RCW 82.04.324 and 1995 2nd sp.s. c 9 s 3 are each amended
6 to read as follows:

7 ~~((1) As used in this section:~~

8 ~~(a) "Blood" includes human whole blood, plasma, blood derivatives,~~
9 ~~and related products.~~

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

11 ~~(c) "Tissue" includes human musculoskeletal tissue, musculoskeletal~~
12 ~~tissue derivatives, and related products.~~

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

18 ~~(e) "Medical supplies" means any item of tangible personal~~
19 ~~property, including any repair and replacement parts for such tangible~~

1 ~~personal property, used by a blood, tissue, or bone bank for the~~
2 ~~purpose of performing research on, procuring, testing, processing,~~
3 ~~storing, packaging, distributing, or using blood, bone, or tissue. The~~
4 ~~term includes tangible personal property used to:~~

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

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

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

11 ~~(f) "Chemical" means any catalyst, solvent, water, acid, oil, or~~
12 ~~other additive that physically or chemically interacts with blood,~~
13 ~~bone, or tissue.~~

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

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

22 ~~(2)) This chapter does not apply to amounts received by a~~
23 ~~qualifying blood bank, bone((r)) or tissue ((banks)) bank, or~~
24 ~~comprehensive cancer center to the extent the amounts are exempt from~~
25 ~~federal income tax.~~

26 ~~(1) "Qualifying blood bank" means a blood bank that qualifies as an~~
27 ~~exempt organization under 26 U.S.C. 501(c)(3), is licensed pursuant to~~
28 ~~21 C.F.R., part 607 as existing on the effective date of this section,~~
29 ~~and whose primary business purpose is the collection, preparation,~~
30 ~~processing, and compatibility testing of blood and the administering of~~
31 ~~blood transfusion services.~~

32 ~~For the purposes of this section, "blood" means whole human blood,~~
33 ~~plasma, or serum or any product derived from human whole blood, plasma,~~
34 ~~or serum.~~

35 ~~(2) "Qualifying bone or tissue bank" means a bone or tissue bank~~
36 ~~that qualifies as an exempt organization under 26 U.S.C. 501(c)(3), is~~
37 ~~licensed pursuant to 21 C.F.R., part 1271 as existing on the effective~~
38 ~~date of this section, and whose primary business purpose is the~~

1 recovery, processing, storage, labeling, packaging, or distribution of
2 any human cell or tissue, and the screening or testing of the cell or
3 tissue donor.

4 (3) "Qualifying comprehensive cancer center" means a cancer center
5 that has written confirmation that it is recognized by the national
6 cancer institute as a comprehensive cancer center and that qualifies as
7 an exempt organization under 26 U.S.C. 501(c)(3).

8 **Sec. 2.** RCW 82.08.02805 and 1995 2nd sp.s. c 9 s 4 are each
9 amended to read as follows:

10 (1) The tax levied by RCW 82.08.020 does not apply to the sale of
11 medical supplies, chemicals, or materials to a qualifying blood bank,
12 bone((~~7~~)) or tissue bank, or comprehensive cancer center. ((The
13 definitions in RCW 82.04.324 apply to this section.)) The exemption in
14 this section does not apply to the sale of construction materials,
15 office equipment, building equipment, administrative supplies, or
16 vehicles.

17 (2) For the purposes of this section, the following definitions
18 apply:

19 (a) "Medical supplies" means any item of tangible personal
20 property, including any repair and replacement parts for such tangible
21 personal property, used by a qualifying blood bank, tissue or bone
22 bank, or comprehensive cancer center for the purpose of performing
23 research on, procuring, testing, processing, storing, packaging,
24 distributing, or using blood, bone, or tissue. The term includes
25 tangible personal property used to:

- 26 (i) Provide preparatory treatment of blood, bone, or tissue;
- 27 (ii) Control, guide, measure, tune, verify, align, regulate, test,
28 or physically support blood, bone, or tissue; and
- 29 (iii) Protect the health and safety of employees or others present
30 during research on, procuring, testing, processing, storing, packaging,
31 distributing, or using blood, bone, or tissue.

32 (b) "Chemical" means any catalyst, solvent, water, acid, oil, or
33 other additive that physically or chemically interacts with blood,
34 bone, or tissue.

35 (c) "Materials" means any item of tangible personal property,
36 including, but not limited to, bags, packs, collecting sets, filtering

1 materials, testing reagents, antisera, and refrigerants used or
2 consumed in performing research on, procuring, testing, processing,
3 storing, packaging, distributing, or using blood, bone, or tissue.

4 (d) "Research" means basic and applied research that has as its
5 objective the design, development, refinement, testing, marketing, or
6 commercialization of a product, service, or process.

7 (e) "Qualifying blood bank," "bone or tissue bank," and
8 "comprehensive cancer center" have the same meanings as provided in RCW
9 82.04.324.

10 **Sec. 3.** RCW 82.12.02747 and 1995 2nd sp.s. c 9 s 5 are each
11 amended to read as follows:

12 (1) The provisions of this chapter do not apply in respect to the
13 use of medical supplies, chemicals, or materials by a qualifying blood
14 bank, bone((~~7~~)) or tissue bank, or comprehensive cancer center. ((~~The~~
15 definitions in RCW 82.04.324 apply to this section.)) The exemption in
16 this section does not apply to the use of construction materials,
17 office equipment, building equipment, administrative supplies, or
18 vehicles.

19 (2) The definitions in RCW 82.08.02805 apply to this section.

20 **Sec. 4.** RCW 84.36.035 and 1995 2nd sp.s. c 9 s 1 are each amended
21 to read as follows:

22 (1) The following property shall be exempt from taxation:

23 All property, whether real or personal, belonging to or leased by
24 any nonprofit corporation or association and used exclusively in the
25 business of a qualifying blood bank, bone((~~7~~)) or tissue bank (~~(as~~
26 ~~defined in RCW 82.04.324))~~, or comprehensive cancer center, or in the
27 administration of (~~(such business))~~ these businesses. If the real or
28 personal property is leased, the benefit of the exemption shall inure
29 to the nonprofit corporation or association.

30 (2) The definitions in RCW 82.04.324 apply to this section.

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