
SENATE BILL 6381

State of Washington

52nd Legislature

1992 Regular Session

By Senator Niemi

Read first time 01/28/92. Referred to Committee on Ways & Means.

1 AN ACT Relating to business and occupation taxation of hospitals;
2 amending RCW 82.04.290, 82.04.300, 82.04.4288, and 82.04.4289; adding
3 a new section to chapter 82.04 RCW; and providing an effective date.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
6 to be codified within the range of 82.04.256 through 82.04.259 to read
7 as follows:

8 Upon every person engaging within this state as a hospital, as
9 defined in chapter 70.41 RCW; as to such persons, the amount of the tax
10 with respect to such business shall be equal to the gross income of the
11 business, multiplied by the rate of seventy-five one-hundredths of one
12 percent.

1 **Sec. 2.** RCW 82.04.290 and 1985 c 32 s 3 are each amended to read
2 as follows:

3 Upon every person engaging within this state in any business
4 activity other than or in addition to those enumerated in RCW
5 82.04.230, 82.04.240, 82.04.250, 82.04.255, section 1 of this act,
6 82.04.260, 82.04.270, and 82.04.280; as to such persons the amount of
7 tax on account of such activities shall be equal to the gross income of
8 the business multiplied by the rate of 1.50 percent. This section
9 includes, among others, and without limiting the scope hereof (whether
10 or not title to materials used in the performance of such business
11 passes to another by accession, confusion or other than by outright
12 sale), persons engaged in the business of rendering any type of service
13 which does not constitute a "sale at retail" or a "sale at wholesale."
14 The value of advertising, demonstration, and promotional supplies and
15 materials furnished to an agent by his principal or supplier to be used
16 for informational, educational and promotional purposes shall not be
17 considered a part of the agent's remuneration or commission and shall
18 not be subject to taxation under this section.

19 **Sec. 3.** RCW 82.04.300 and 1983 c 3 s 213 are each amended to read
20 as follows:

21 This chapter shall apply to any person engaging in any business
22 activity taxable under RCW 82.04.230, 82.04.240, 82.04.250, section 1
23 of this act, 82.04.260, 82.04.270, 82.04.280 and 82.04.290 other than
24 those whose value of products, gross proceeds of sales, or gross income
25 of the business is less than one thousand dollars per month: PROVIDED,
26 That where one person engages in more than one business activity and
27 the combined measures of the tax applicable to such businesses equal or
28 exceed one thousand dollars per month, no exemption or deduction from
29 the amount of tax is allowed by this section.

1 Any person claiming exemption under the provisions of this section
2 may be required to file returns even though no tax may be due:
3 PROVIDED, FURTHER, That the department of revenue may allow exemptions,
4 by general rule or regulation, in those instances in which quarterly,
5 semiannual, or annual returns are permitted. Exemptions for such
6 periods shall be equivalent in amount to the total of exemptions for
7 each month of a reporting period.

8 **Sec. 4.** RCW 82.04.4288 and 1980 c 37 s 9 are each amended to read
9 as follows:

10 In computing tax there may be deducted from the measure of tax
11 amounts derived as compensation for services rendered or to be rendered
12 to patients or from sales of prescription drugs as defined in RCW
13 82.08.0281 furnished as an integral part of services rendered to
14 patients by a hospital, as defined in chapter 70.41 RCW, devoted to the
15 care of human beings with respect to the prevention or treatment of
16 disease, sickness, or suffering, when such hospital is operated by the
17 United States or any of its instrumentalities(~~(, or by the state, or~~
18 ~~any of its political subdivisions)~~)).

19 **Sec. 5.** RCW 82.04.4289 and 1981 c 178 s 2 are each amended to read
20 as follows:

21 In computing tax there may be deducted from the measure of tax
22 amounts derived as compensation for services rendered to patients or
23 from sales of prescription drugs as defined in RCW 82.08.0281 furnished
24 as an integral part of services rendered to patients by (~~(a hospital,~~
25 ~~as defined in chapter 70.41 RCW, which is operated as a nonprofit~~
26 ~~corporation,~~)) a kidney dialysis facility operated as a nonprofit
27 corporation, whether or not operated in connection with a hospital, and
28 nursing homes and homes for unwed mothers operated as religious or

1 charitable organizations, but only if no part of the net earnings
2 received by such an institution inures directly or indirectly, to any
3 person other than the institution entitled to deduction hereunder. In
4 no event shall any such deduction be allowed, unless the hospital
5 building is entitled to exemption from taxation under the property tax
6 laws of this state.

7 NEW SECTION. **Sec. 6.** This act shall take effect July 1, 1992.