

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 3116

Chapter 82, Laws of 2004

58th Legislature
2004 Regular Session

TAX EXEMPTIONS--BLOOD BANKS

EFFECTIVE DATE: 6/10/04

Passed by the House March 9, 2004
Yeas 95 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 4, 2004
Yeas 48 Nays 0

BRAD OWEN

President of the Senate

Approved March 22, 2004.

GARY LOCKE

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 3116** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

March 22, 2004 - 5:28 p.m.

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 3116

AS AMENDED BY THE SENATE

Passed Legislature - 2004 Regular Session

State of Washington 58th Legislature 2004 Regular Session

By House Committee on Finance (originally sponsored by Representatives Murray, Cairnes, Sehlin, Sommers, McIntire, Lovick, Hatfield, Kenney, Morrell and Santos)

READ FIRST TIME 02/10/04.

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(, ~~bone, or~~) bank, a qualifying tissue (~~banks~~)~~
24 ~~bank, or a qualifying blood and tissue bank to the extent the amounts~~
25 ~~are exempt from federal income tax.~~

26 ~~(2) For the purposes of this section:~~

27 ~~(a) "Qualifying blood bank" means a blood bank that qualifies as an~~
28 ~~exempt organization under 26 U.S.C. 501(c)(3) as existing on the~~
29 ~~effective date of this section, is registered pursuant to 21 C.F.R.,~~
30 ~~part 607 as existing on the effective date of this section, and whose~~
31 ~~primary business purpose is the collection, preparation, and processing~~
32 ~~of blood. "Qualifying blood bank" does not include a comprehensive~~
33 ~~cancer center that is recognized as such by the national cancer~~
34 ~~institute.~~

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

1 primary business purpose is the recovery, processing, storage,
2 labeling, packaging, or distribution of human bone tissue, ligament
3 tissue and similar musculoskeletal tissues, skin tissue, heart valve
4 tissue, or human eye tissue. "Qualifying tissue bank" does not include
5 a comprehensive cancer center that is recognized as such by the
6 national cancer institute.

7 (c) "Qualifying blood and tissue bank" is a bank that qualifies as
8 an exempt organization under 26 U.S.C. 501(c)(3) as existing on the
9 effective date of this section, is registered pursuant to 21 C.F.R.,
10 part 607 and part 1271 as existing on the effective date of this
11 section, and whose primary business purpose is the collection,
12 preparation, and processing of blood, and the recovery, processing,
13 storage, labeling, packaging, or distribution of human bone tissue,
14 ligament tissue and similar musculoskeletal tissues, skin tissue, and
15 heart valve tissue. "Qualifying blood and tissue bank" does not
16 include a comprehensive cancer center that is recognized as such by the
17 national cancer institute.

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

20 (1) The tax levied by RCW 82.08.020 does not apply to the sale of
21 medical supplies, chemicals, or materials to a qualifying blood(~~(~~
22 ~~bone, or~~) bank, a qualifying tissue bank, or a qualifying blood and
23 tissue bank. ((~~The definitions in RCW 82.04.324 apply to this~~
24 ~~section.~~) The exemption in this section does not apply to the sale of
25 construction materials, office equipment, building equipment,
26 administrative supplies, or vehicles.

27 (2) For the purposes of this section, the following definitions
28 apply:

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

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

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

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

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

9 (c) "Materials" means any item of tangible personal property,
10 including, but not limited to, bags, packs, collecting sets, filtering
11 materials, testing reagents, antisera, and refrigerants used or
12 consumed in performing research on, procuring, testing, processing,
13 storing, packaging, distributing, or using blood, bone, or tissue.

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

17 (e) The definitions in RCW 82.04.324 apply to this section.

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

20 (1) The provisions of this chapter do not apply in respect to the
21 use of medical supplies, chemicals, or materials by a qualifying
22 blood(~~(, bone, or))~~ bank, a qualifying tissue bank, or a qualifying
23 blood and tissue bank. ((The definitions in RCW 82.04.324 apply to
24 this section.)) The exemption in this section does not apply to the
25 use of construction materials, office equipment, building equipment,
26 administrative supplies, or vehicles.

27 (2) The definitions in RCW 82.04.324 and 82.08.02805 apply to this
28 section.

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

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

32 All property, whether real or personal, belonging to or leased by
33 any nonprofit corporation or association and used exclusively in the
34 business of a qualifying blood(~~(, bone, or))~~ bank, a qualifying tissue
35 bank ((as defined in RCW 82.04.324)), or a qualifying blood and tissue

1 bank, or in the administration of (~~such business~~) these businesses.
2 If the real or personal property is leased, the benefit of the
3 exemption shall inure to the nonprofit corporation or association.
4 (2) The definitions in RCW 82.04.324 apply to this section.

Passed by the House March 9, 2004.

Passed by the Senate March 4, 2004.

Approved by the Governor March 22, 2004.

Filed in Office of Secretary of State March 22, 2004.