

# FINAL BILL REPORT

## SSB 6787

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Synopsis as Enacted

**Brief Description:** Exempting organ procurement organizations from taxation.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators B. Sheldon, Rasmussen and Oke; by request of Department of Revenue).

**Senate Committee on Ways & Means**  
**House Committee on Finance**

**Background:** The business and occupation (B&O) tax is Washington's major business tax. This tax is imposed on the gross receipts of business activities.

Retail sales and use taxes apply to the sale or use of tangible personal property and of certain services acquired at retail. Sales and use taxes apply to the selling price or value of the item. Sales and use taxes are imposed by the state, counties, and cities. Sales and use tax rates vary between 7 and 8.9 percent, depending on location.

As a general rule, nonprofit organizations are subject to state and local taxes unless there is a specific statutory exemption. Exemption from federal income tax does not automatically provide exemption from state and local taxes.

Nonprofit blood, bone, and tissue banks are exempt from B&O tax to the extent their gross receipts are exempt from federal income tax. Nonprofit blood, bone, and tissue banks are exempt from sales and use taxes on medical supplies, chemicals, and most other materials used for the bank. However, construction materials, office equipment, building equipment, administrative supplies, and vehicles are not exempt.

**Summary:** Income of nonprofit organ procurement organizations is exempt from the B&O tax to the extent that it is exempt from federal income tax. The purchase or use of medical supplies, chemicals, or specialized materials for nonprofit organ procurement organizations is exempt from sales and use tax. The sales and use tax exemption does not apply to construction materials, office equipment, building equipment, administrative supplies, or vehicles.

**Votes on Final Passage:**

Senate	48 0
House	94 0

**Effective:** March 22, 2002