
SENATE BILL 5102

State of Washington

57th Legislature

2001 Regular Session

By Senators Snyder, Rasmussen, T. Sheldon, Gardner, Prentice and McCaslin

Read first time 01/10/2001. Referred to Committee on Ways & Means.

1 AN ACT Relating to sales and use taxation of nonprofit
2 hospitals; adding a new section to chapter 82.08 RCW; and adding a
3 new section to chapter 82.12 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08
6 RCW to read as follows:

7 (1) The tax levied by RCW 82.08.020 does not apply to:

8 (a) The sale of or charge made for tangible personal property
9 consumed and/or for labor and services rendered in respect to the
10 construction of new buildings or other structures, or the
11 expansion or renovation of existing buildings or other structures
12 for the purpose of increasing floor space or patient capacity, for
13 use as a nonprofit hospital in a rural county; and

14 (b) Sales of machinery and equipment related to the buildings
15 or other structures exempt under (a) of this subsection.

16 (2) Subsection (1) of this section only applies to labor and
17 services, machinery and equipment, or other tangible personal
18 property that is acquired before the construction is complete.

1 (3) To be exempt under this section, the buildings or
2 structures and the machinery and equipment must be financed with
3 money donated to the nonprofit hospital for such construction and
4 acquisition. Application for exemption under this section must be
5 made before initiation of the construction or acquisition of the
6 machinery or equipment. The application shall be made to the
7 department in a form and manner prescribed by the department. The
8 application shall contain information regarding the location of
9 the hospital, the source of the moneys to be used for the
10 construction or acquisition, and any other information required by
11 the department. The department shall rule on the application within
12 sixty days. The department shall issue a sales and use tax
13 exemption certificate for state and local sales and use taxes due
14 under this chapter and chapters 82.12 and 82.14 RCW for each
15 approved application.

16 (4) For purposes of this section and section 2 of this act:

17 (a) "Hospital" means a hospital as defined in RCW 70.41.020.

18 (b) "Machinery and equipment" means tangible personal property
19 of a capital nature which has a useful life of one year or more
20 that is of the type that would be depreciated for federal income
21 tax purposes under section 168 of the federal internal revenue
22 code of 1986 (26 U.S.C. Sec. 168), including such items as medical
23 fixtures and devices, furniture, computers, and beds, and tangible
24 personal property that becomes an ingredient or component thereof.

25 (c) "Nonprofit" means an organization exempt from federal
26 income tax under section 501(c)(3) of the federal internal revenue
27 code of 1986 (26 U.S.C. Sec. 501(c)(3)).

28 (d) "Rural county" means a county with a population density of
29 less than one hundred persons per square mile, as determined by
30 the office of financial management and published each year by the
31 department for the period July 1st to June 30th.

32 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12
33 RCW to read as follows:

34 (1) The provisions of this chapter do not apply with respect to
35 the use by a nonprofit hospital in a rural county of machinery and
36 equipment for which a sales and use tax exemption certificate was
37 issued under section 1 of this act.

1 (2) The definitions in section 1 of this act apply to this
2 section.

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