

SHB 3116 - H AMD 920

By Representative McIntire

ADOPTED 02/16/2004

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature provided tax relief to
4 blood, bone, and tissue banks in chapter 9, Laws of 1995 2nd sp. sess.
5 The legislature finds that the availability of this tax relief for bone
6 and tissue banks has been called into doubt as a result of litigation.
7 The legislature intends to confirm its intent that bone and tissue
8 banks are entitled to the tax relief provided by chapter 9, Laws of
9 1995 2nd sp. sess. Therefore, this act applies retroactively.

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

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

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

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

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

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

23 ~~(e) "Medical supplies" means any item of tangible personal~~
24 ~~property, including any repair and replacement parts for such tangible~~
25 ~~personal property, used by a blood, tissue, or bone bank for the~~
26 ~~purpose of performing research on, procuring, testing, processing,~~
27 ~~storing, packaging, distributing, or using blood, bone, or tissue. The~~
28 ~~term includes tangible personal property used to:~~

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

9 ~~(g) "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 ~~(h) "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 ~~(2))~~) This chapter does not apply to amounts received by a
18 qualifying blood (~~(, bone, or)~~) bank, a qualifying tissue (~~(banks)~~)
19 bank, or a qualifying blood and tissue bank to the extent the amounts
20 are exempt from federal income tax.

21 (2) For the purposes of this section:

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

30 (b) "Qualifying tissue bank" means a tissue bank that qualifies as
31 an exempt organization under 26 U.S.C. 501(c)(3) as existing on the
32 effective date of this section, is registered pursuant to 21 C.F.R.,
33 part 1271 as existing on the effective date of this section, and whose
34 primary business purpose is the recovery, processing, storage,
35 labeling, packaging, or distribution of human eye tissue. "Qualifying
36 tissue bank" does not include a comprehensive cancer center that is
37 recognized as such by the national cancer institute.

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

12 **Sec. 3.** RCW 82.08.02805 and 1995 2nd sp.s. c 9 s 4 are each
13 amended to read as follows:

14 (1) The tax levied by RCW 82.08.020 does not apply to the sale of
15 medical supplies, chemicals, or materials to a qualifying blood(~~(~~
16 ~~bone, or~~) bank, a qualifying tissue bank, or a qualifying blood and
17 tissue bank. ((~~The definitions in RCW 82.04.324 apply to this~~
18 ~~section.~~)) The exemption in this section does not apply to the sale of
19 construction materials, office equipment, building equipment,
20 administrative supplies, or vehicles.

21 (2) For the purposes of this section, the following definitions
22 apply:

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

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

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

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

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

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

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

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

13 **Sec. 4.** RCW 82.12.02747 and 1995 2nd sp.s. c 9 s 5 are each
14 amended to read as follows:

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

22 (2) The definitions in RCW 82.04.324 and 82.08.02805 apply to this
23 section.

24 **Sec. 5.** RCW 84.36.035 and 1995 2nd sp.s. c 9 s 1 are each amended
25 to read as follows:

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

27 All property, whether real or personal, belonging to or leased by
28 any nonprofit corporation or association and used exclusively in the
29 business of a qualifying blood(~~(, bone, or))~~ bank, a qualifying tissue

30 bank ((as defined in RCW 82.04.324)), or a qualifying blood and tissue
31 bank, or in the administration of ((~~such business~~)) these businesses.
32 If the real or personal property is leased, the benefit of the
33 exemption shall inure to the nonprofit corporation or association.

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

1 NEW SECTION. **Sec. 6.** This act applies retroactively to July 1,
2 1995."

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