

ESHB 3116 - S COMM AMD  
By Committee on Ways & Means

ADOPTED 03/05/2004

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

3 "Sec. 1. RCW 82.04.324 and 1995 2nd sp.s. c 9 s 3 are each amended  
4 to read as follows:

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

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

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

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

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

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

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

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

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

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

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

6 ~~(h) "Research" means basic and applied research that has as its~~  
7 ~~objective the design, development, refinement, testing, marketing, or~~  
8 ~~commercialization of a product, service, or process.~~

9 ~~(2)) This chapter does not apply to amounts received by a~~  
10 ~~qualifying blood(, bone, or) bank, a qualifying tissue ((banks))~~  
11 ~~bank, or a qualifying blood and tissue bank to the extent the amounts~~  
12 ~~are exempt from federal income tax.~~

13 (2) For the purposes of this section:

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

22 (b) "Qualifying tissue bank" means a tissue bank that qualifies as  
23 an 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 1271 as existing on the effective date of this section, and whose  
26 primary business purpose is the recovery, processing, storage,  
27 labeling, packaging, or distribution of human bone tissue, ligament  
28 tissue and similar musculoskeletal tissues, skin tissue, heart valve  
29 tissue, or human eye tissue. "Qualifying tissue bank" does not include  
30 a comprehensive cancer center that is recognized as such by the  
31 national cancer institute.

32 (c) "Qualifying blood and tissue bank" is a bank that qualifies as  
33 an exempt organization under 26 U.S.C. 501(c)(3) as existing on the  
34 effective date of this section, is registered pursuant to 21 C.F.R.,  
35 part 607 and part 1271 as existing on the effective date of this  
36 section, and whose primary business purpose is the collection,  
37 preparation, and processing of blood, and the recovery, processing,

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

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

8 (1) The tax levied by RCW 82.08.020 does not apply to the sale of  
9 medical supplies, chemicals, or materials to a qualifying blood(~~(-~~  
10 ~~bone, or~~) bank, a qualifying tissue bank, or a qualifying blood and  
11 tissue bank. ((The definitions in RCW 82.04.324 apply to this  
12 section.)) The exemption in this section does not apply to the sale of  
13 construction materials, office equipment, building equipment,  
14 administrative supplies, or vehicles.

15 (2) For the purposes of this section, the following definitions  
16 apply:

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

- 24 (i) Provide preparatory treatment of blood, bone, or tissue;  
25 (ii) Control, guide, measure, tune, verify, align, regulate, test,  
26 or physically support blood, bone, or tissue; and  
27 (iii) Protect the health and safety of employees or others present  
28 during research on, procuring, testing, processing, storing, packaging,  
29 distributing, or using blood, bone, or tissue.

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

33 (c) "Materials" means any item of tangible personal property,  
34 including, but not limited to, bags, packs, collecting sets, filtering  
35 materials, testing reagents, antisera, and refrigerants used or

1 consumed in performing research on, procuring, testing, processing,  
2 storing, packaging, distributing, or using blood, bone, or tissue.

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

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

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

9 (1) The provisions of this chapter do not apply in respect to the  
10 use of medical supplies, chemicals, or materials by a qualifying  
11 blood(~~(, bone, or))~~ bank, a qualifying tissue bank, or a qualifying  
12 blood and tissue bank. ((The definitions in RCW 82.04.324 apply to  
13 this section.)) The exemption in this section does not apply to the  
14 use of construction materials, office equipment, building equipment,  
15 administrative supplies, or vehicles.

16 (2) The definitions in RCW 82.04.324 and 82.08.02805 apply to this  
17 section.

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

20 (1) The following property shall be exempt from taxation:  
21 All property, whether real or personal, belonging to or leased by  
22 any nonprofit corporation or association and used exclusively in the  
23 business of a qualifying blood(~~(, bone, or))~~ bank, a qualifying tissue  
24 bank ((as defined in RCW 82.04.324)), or a qualifying blood and tissue  
25 bank, or in the administration of ((~~such business~~)) these businesses.  
26 If the real or personal property is leased, the benefit of the  
27 exemption shall inure to the nonprofit corporation or association.

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

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1       On page 1, line 2 of the title, after "centers;" strike the  
2 remainder of the title and insert "and amending RCW 82.04.324,  
3 82.08.02805, 82.12.02747, and 84.36.035."

**--- END ---**