

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE HOUSE BILL 3116**

58th Legislature  
2004 Regular Session

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

---

**Speaker of the House of Representatives**

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

---

**President of the Senate**

Approved

---

**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.

---

**Chief Clerk**

FILED

**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.

--- END ---