

# FINAL BILL REPORT

## HB 2544

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Synopsis as Enacted

**Brief Description:** Concerning tax exemptions for temporary medical housing provided by health or social welfare organizations.

**Sponsors:** By Representatives Hunter, Orcutt, Ericks, Moeller, Ormsby, McIntire, Kenney and Conway; by request of Department of Revenue.

**House Committee on Finance**

**Senate Committee on Ways & Means**

**Background:**

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location. The average local tax rate is 2.0, for an average combined state and local tax rate of 8.5 percent.

State and local sales taxes apply to lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities. "Hotel-motel" taxes (also called lodging taxes in some cases) are special sales taxes on lodging rentals. Some hotel-motel taxes are credited against the state sales tax rather than being added to rental charges paid by customers. Other hotel-motel taxes are imposed in addition to ordinary state and local sales taxes and are added to the amount paid by the customer.

Temporary medical housing facilities provide lodging and related services to patients or their immediate families while the patient is undergoing medical treatment at a hospital or affiliated outpatient clinic. If the patient is receiving treatment on an outpatient basis, then both the patient and the immediate family may obtain lodging at these facilities. If the patient is confined to a hospital while receiving treatment, the immediate family may reside at the facility on a temporary basis. There are known to be nine establishments that provide this kind of temporary medical housing: three in Seattle, two in Spokane, two in Wenatchee, and one each in Tacoma and Olympia.

**Summary:**

Temporary medical housing provided by a health or social welfare (nonprofit) organization is exempted from state and local sales taxes and similar charges on lodging. To qualify, the housing must be provided to the patient or patient's family while the patient is receiving

medical treatment at a hospital licensed in Washington or the patient is recuperating or under observation following medical treatment at a licensed hospital.

**Votes on Final Passage:**

House	96	0
Senate	49	0

**Effective:** July 1, 2008