

# SENATE BILL REPORT

## HB 2544

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As Reported By Senate Committee On:  
Ways & Means, February 25, 2008

**Title:** An act relating to tax exemptions for temporary medical housing provided by health or social welfare organizations, as defined in RCW 82.04.431.

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

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

**Brief History:** Passed House: 2/13/08, 96-0.

**Committee Activity:** Ways & Means: 2/25/08 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

**Staff:** Dean Carlson (786-7305)

**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. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location.

State and local sales taxes apply to lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities when the stay is for less than 30 continuous days. "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

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outpatient clinic. Presently, there are believed to be nine establishments that might qualify as a temporary medical housing facility.

**Summary of Bill:** Temporary medical housing provided by a health or social welfare (nonprofit) organization is exempted from state and local sales taxes and lodging taxes. 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 affiliated outpatient clinic, or the patient is recuperating or under observation following medical treatment. The exemption does not apply to a business that furnishes lodging or related services to the general public.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on July 1, 2008.

**Staff Summary of Public Testimony (on companion SB 6623):** PRO: We are a safety net for families with children who are critically ill. The Department of Revenue (DOR) feels that this is good tax policy. It also provides equity as there is not tax when the patient stays at a hospital and this is very similar. Lodging is secondary to the need for medical treatment.

**Persons Testifying (on companion SB 6623):** PRO: Donell Bullock, Ronald McDonald House Charities; Gil Brewer, DOR.