

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 2544**

60th Legislature  
2008 Regular Session

Passed by the House February 13, 2008  
Yeas 96 Nays 0

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**Speaker of the House of Representatives**

Passed by the Senate March 11, 2008  
Yeas 49 Nays 0

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2544** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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HOUSE BILL 2544

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Passed Legislature - 2008 Regular Session

State of Washington

60th Legislature

2008 Regular Session

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

Prefiled 01/08/08. Read first time 01/14/08. Referred to Committee on Finance.

1 AN ACT Relating to tax exemptions for temporary medical housing  
2 provided by health or social welfare organizations, as defined in RCW  
3 82.04.431; amending RCW 82.04.431 and 36.100.040; adding a new section  
4 to chapter 82.08 RCW; adding a new section to chapter 67.28 RCW; adding  
5 a new section to chapter 67.40 RCW; adding a new section to chapter  
6 35.101 RCW; and providing an effective date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 **Sec. 1.** RCW 82.04.431 and 1986 c 261 s 6 are each amended to read  
9 as follows:

10 (1) For the purposes of RCW 82.04.4297, 82.04.4311, 82.08.02915,  
11 82.12.02915, and section 2 of this act, the term "health or social  
12 welfare organization" means an organization, including any community  
13 action council, which renders health or social welfare services as  
14 defined in subsection (2) of this section, which is a not-for-profit  
15 corporation under chapter 24.03 RCW and which is managed by a governing  
16 board of not less than eight individuals none of whom is a paid  
17 employee of the organization or which is a corporation sole under  
18 chapter 24.12 RCW. Health or social welfare organization does not

1 include a corporation providing professional services as authorized in  
2 chapter 18.100 RCW. In addition a corporation in order to be exempt  
3 under RCW 82.04.4297 shall satisfy the following conditions:

4 (a) No part of its income may be paid directly or indirectly to its  
5 members, stockholders, officers, directors, or trustees except in the  
6 form of services rendered by the corporation in accordance with its  
7 purposes and bylaws;

8 (b) Salary or compensation paid to its officers and executives must  
9 be only for actual services rendered, and at levels comparable to the  
10 salary or compensation of like positions within the public service of  
11 the state;

12 (c) Assets of the corporation must be irrevocably dedicated to the  
13 activities for which the exemption is granted and, on the liquidation,  
14 dissolution, or abandonment by the corporation, may not inure directly  
15 or indirectly to the benefit of any member or individual except a  
16 nonprofit organization, association, or corporation which also would be  
17 entitled to the exemption;

18 (d) The corporation must be duly licensed or certified where  
19 licensing or certification is required by law or regulation;

20 (e) The amounts received qualifying for exemption must be used for  
21 the activities for which the exemption is granted;

22 (f) Services must be available regardless of race, color, national  
23 origin, or ancestry; and

24 (g) The director of revenue shall have access to its books in order  
25 to determine whether the corporation is exempt from taxes within the  
26 intent of RCW 82.04.4297 and this section.

27 (2) The term "health or social welfare services" includes and is  
28 limited to:

29 (a) Mental health, drug, or alcoholism counseling or treatment;

30 (b) Family counseling;

31 (c) Health care services;

32 (d) Therapeutic, diagnostic, rehabilitative, or restorative  
33 services for the care of the sick, aged, or physically,  
34 developmentally, or emotionally-disabled individuals;

35 (e) Activities which are for the purpose of preventing or  
36 ameliorating juvenile delinquency or child abuse, including  
37 recreational activities for those purposes;

38 (f) Care of orphans or foster children;

- 1 (g) Day care of children;
- 2 (h) Employment development, training, and placement;
- 3 (i) Legal services to the indigent;
- 4 (j) Weatherization assistance or minor home repair for low-income
- 5 homeowners or renters;
- 6 (k) Assistance to low-income homeowners and renters to offset the
- 7 cost of home heating energy, through direct benefits to eligible
- 8 households or to fuel vendors on behalf of eligible households; ~~((and))~~
- 9 (l) Community services to low-income individuals, families, and
- 10 groups, which are designed to have a measurable and potentially major
- 11 impact on causes of poverty in communities of the state; and
- 12 (m) Temporary medical housing, as defined in section 2 of this act,
- 13 if the housing is provided only:
- 14 (i) While the patient is receiving medical treatment at a hospital
- 15 required to be licensed under RCW 70.41.090 or at an outpatient clinic
- 16 associated with such hospital, including any period of recuperation or
- 17 observation immediately following such medical treatment; and
- 18 (ii) By a person that does not furnish lodging or related services
- 19 to the general public.

20 NEW SECTION. Sec. 2. A new section is added to chapter 82.08 RCW  
21 to read as follows:

22 (1) The tax levied by RCW 82.08.020 does not apply to sales of  
23 temporary medical housing by a health or social welfare organization,  
24 if the following conditions are met:

- 25 (a) The temporary medical housing is provided only:
  - 26 (i) While the patient is receiving medical treatment at: (A) A
  - 27 hospital required to be licensed under RCW 70.41.090; or (B) an
  - 28 outpatient clinic associated with such hospital; or
  - 29 (ii) During any period of recuperation or observation immediately
  - 30 following medical treatment received by a patient at a facility in
  - 31 (a)(i)(A) or (B) of this subsection; and
  - 32 (b) The health or social welfare organization does not furnish
  - 33 lodging or related services to the general public.

34 (2) For the purposes of this section, the following definitions  
35 apply:

- 36 (a) "Health or social welfare organization" has the meaning
- 37 provided in RCW 82.04.431; and

1 (b) "Temporary medical housing" means transient lodging and related  
2 services provided to a patient or the patient's immediate family, legal  
3 guardian, or other persons necessary to the patient's mental or  
4 physical well-being.

5 NEW SECTION. **Sec. 3.** A new section is added to chapter 67.28 RCW  
6 to read as follows:

7 The taxes on lodging authorized under this chapter do not apply to  
8 sales of temporary medical housing exempt under section 2 of this act.

9 NEW SECTION. **Sec. 4.** A new section is added to chapter 67.40 RCW  
10 to read as follows:

11 The tax imposed in RCW 67.40.090 and the tax authorized under RCW  
12 67.40.130 do not apply to sales of temporary medical housing exempt  
13 under section 2 of this act.

14 **Sec. 5.** RCW 36.100.040 and 2002 c 178 s 5 are each amended to read  
15 as follows:

16 (1) A public facilities district may impose an excise tax on the  
17 sale of or charge made for the furnishing of lodging that is subject to  
18 tax under chapter 82.08 RCW, except that no such tax may be levied on  
19 any premises having fewer than forty lodging units. However, if a  
20 public facilities district has not imposed such an excise tax prior to  
21 December 31, 1995, the public facilities district may only impose the  
22 excise tax if a ballot proposition authorizing the imposition of the  
23 tax has been approved by a simple majority vote of voters of the public  
24 facilities district voting on the proposition.

25 (2) The rate of the tax shall not exceed two percent and the  
26 proceeds of the tax shall only be used for the acquisition, design,  
27 construction, remodeling, maintenance, equipping, reequipping,  
28 repairing, and operation of its public facilities. This excise tax  
29 shall not be imposed until the district has approved the proposal to  
30 acquire, design, and construct the public facilities.

31 (3) A public facilities district may not impose the tax authorized  
32 in this section if, after the tax authorized in this section was  
33 imposed, the effective combined rate of state and local excise taxes,  
34 including sales and use taxes and excise taxes on lodging, imposed on

1 the sale of or charge made for furnishing of lodging in any  
2 jurisdiction in the public facilities district exceeds eleven and one-  
3 half percent.

4 (4) The tax imposed in this section does not apply to sales of  
5 temporary medical housing exempt under section 2 of this act.

6 NEW SECTION. Sec. 6. A new section is added to chapter 35.101 RCW  
7 to read as follows:

8 The lodging charge authorized in RCW 35.101.050 does not apply to  
9 temporary medical housing exempt under section 2 of this act.

10 NEW SECTION. Sec. 7. This act takes effect July 1, 2008.

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