
HOUSE BILL 1277

State of Washington

69th Legislature

2025 Regular Session

By Representatives Shavers and Reed

Read first time 01/14/25. Referred to Committee on Finance.

1 AN ACT Relating to a sales and use tax exemption for the purchase
2 and use of medical equipment and supplies by a critical access
3 hospital; adding a new section to chapter 82.08 RCW; adding a new
4 section to chapter 82.12 RCW; creating a new section; and providing
5 expiration dates.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08
8 RCW to read as follows:

9 (1) Beginning January 1, 2026, the tax levied by RCW 82.08.020
10 does not apply to sales of medical equipment and medical supplies to
11 a critical access hospital.

12 (2) The exemption in this section does not apply to the sale of
13 construction materials, office equipment, building equipment,
14 administrative supplies, or vehicles used for purposes other than
15 patient transportation.

16 (3) The department may adopt rules necessary to implement this
17 section and must electronically publish a list of qualifying medical
18 equipment and medical supplies.

19 (4) For purposes of this section, the following definitions
20 apply:

1 (a) "Critical access hospital" means a public hospital located on
2 an island within 25 miles of a military installation with a critical
3 access designation provided by the centers for medicare and medicaid
4 services.

5 (b) "Medical equipment" means instruments, apparatuses, and
6 machines used in the prevention, diagnosis, or treatment of human
7 illness or disease, or for detecting, measuring, restoring,
8 correcting, or modifying the structure or function of the human body
9 for health purposes.

10 (c) "Medical supplies" means consumable, expendable, disposable,
11 or nondurable items used for the treatment or diagnosis of a human
12 patient's specific illness, injury, or condition. "Medical supplies"
13 includes gloves, gauze, syringes, needles, dressings,
14 pharmaceuticals, bandages, and catheters.

15 (5) This section expires January 1, 2036.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12
17 RCW to read as follows:

18 (1) Beginning January 1, 2026, this chapter does not apply to the
19 use of medical equipment and medical supplies by a critical access
20 hospital.

21 (2) The definitions, conditions, and requirements of section 1 of
22 this act apply to this section.

23 (3) This section expires January 1, 2036.

24 NEW SECTION. **Sec. 3.** This section is the tax preference
25 performance statement for the tax preference contained in sections 1
26 and 2, chapter . . ., Laws of 2025 (sections 1 and 2 of this act).
27 This performance statement is only intended to be used for subsequent
28 evaluation of the tax preference. It is not intended to create a
29 private right of action by any party or be used to determine
30 eligibility for preferential tax treatment.

31 (1) The legislature categorizes this tax preference as one
32 intended to provide tax relief for certain businesses or individuals,
33 as indicated in RCW 82.32.808(2)(e).

34 (2) It is the legislature's specific public policy objective to
35 reduce the sales and use tax burden on critical access hospitals
36 located on an island by eliminating the payment of tax on the
37 purchase of medical equipment and supplies used by the hospital.

1 (3) If a review finds the actual fiscal cost of this tax
2 preference has not exceeded the estimated cost in the fiscal note by
3 more than five percent in any of the initial three biennia, then the
4 legislature intends to extend the expiration date of the tax
5 preference.

6 (4) In order to obtain the data necessary to perform the review
7 in subsection (3) of this section, the joint legislative audit and
8 review committee may refer to any data and relevant taxpayer
9 information collected by the state.

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