

# HOUSE BILL REPORT

## HB 2765

---

---

### As Reported By House Committee On:

Agriculture & Ecology

**Title:** An act relating to tax rate modifications for animal health products.

**Brief Description:** Excluding animal health products from the definition of retail sale, thereby changing the business and occupation tax rate for such activities.

**Sponsors:** Representatives Chappell and Chandler.

### Brief History:

#### Committee Activity:

Agriculture & Ecology: 2/2/96 [DPS].

---

## HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Chandler, Chairman; Koster, Vice Chairman; Chappell, Ranking Minority Member; Linville, Assistant Ranking Minority Member; Boldt; Clements; Delvin; R. Fisher; Honeyford; Johnson; Mastin; Murray; Ogden; Regala; Robertson; Rust and Schoesler.

**Staff:** Kenneth Hirst (786-7105).

**Background:** Sales of feed, seed, seedlings, fertilizer, pollination agents, and spray materials sold to farmers for the purpose of producing an agricultural product for sale at wholesale or retail are exempt from retail sales and use taxation.

**Summary of Substitute Bill:** Vaccinations, antibiotics, worming compounds, and similar health products for animals sold to farmers for the purpose of producing an agricultural product for sale at wholesale or retail are exempt from retail sales and use taxation.

**Substitute Bill Compared to Original Bill:** The substitute bill clarifies that the health products exempted from retail sales or use taxation are health products for animals.

**Appropriation:** None.

**Fiscal Note:** Requested on February 2, 1996.

**Effective Date of Substitute Bill:** The bill takes effect on July 1, 1996.

**Testimony For:** (1) The bill gives those who raise livestock the same type of tax exemption provided for those who grow crops. (2) Without the bill, people are taxed more for taking better care of the health of their animals.

**Testimony Against:** None.

**Testified:** Robert Dickey, Lewis County Cattlemen's Association; and Kent Lebsack, Washington Cattlemen's Association (in favor).