

# HOUSE BILL REPORT

## HB 2581

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### As Reported By House Committee On:

Agriculture & Ecology

**Title:** An act relating to a sales and use tax exemption on livestock and poultry feed.

**Brief Description:** Exempting from taxation sales and use of feed for livestock and poultry.

**Sponsors:** Representative Koster.

### Brief History:

#### Committee Activity:

Agriculture & Ecology: 1/28/98, 1/29/98 [DPA].

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## HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

**Majority Report:** Do pass as amended. Signed by 11 members: Representatives Chandler, Chairman; Parlette, Vice Chairman; Schoesler, Vice Chairman; Linville, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; Cooper; Delvin; Koster; Mastin; Regala and Sump.

**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 or to persons who are participating in the federal Conservation Reserve Program or certain habitat programs are exempt from retail sales or use taxation.

**Summary of Amended Bill:** The state's retail sales and use taxes do not apply to sales of substances used as food to sustain or improve livestock and poultry. The livestock— for which this tax on feed exemption is provided are mammals, but not dogs, cats, guinea pigs, gerbils, hamsters, rabbits kept as pets, or other like animals. The poultry— for which this tax on feed exemption is provided are chickens, turkeys, ducks, geese, pheasants, quail, and ratites.

**Amended Bill Compared to Original Bill:** The livestock for which feed sales are exempted are mammals; the amendments remove references to non-mammals. The amendments also clarify the list of birds for which feed sales are exempted.

**Appropriation:** None.

**Fiscal Note:** Requested on January 21, 1998.

**Effective Date of Amended Bill:** The bill takes effect on July 1, 1998.

**Testimony For:** (1) Of those who sell feed to hobby horse owners, only the established feed stores collect the sales tax on the feed. Therefore, these stores must charge their customers 8 percent more than others and that is a lot in a very competitive market. (2) Retail sales taxes were not levied on sales of feed to the horse raising industry until 1991; now it is unclear which sales are subject to the tax and which are not. The bill provides consistency and clarity.

**Testimony Against:** An exemption from B&O taxation for the horse raising, training, breeding, and boarding industry should be added to the bill.

**Testified:** Angela Day, Dayville Hay and Grain; Eddie Armstrong, Washington Horse Association; and Chris Cheney, Washington Dairy Federation (in favor).