

# HOUSE BILL REPORT

## SB 6728

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### As Passed House:

March 6, 1998

**Title:** An act relating to the taxation of activities conducted for hop commodity commissions or boards.

**Brief Description:** Providing tax exemptions for activities conducted for hop commodity commissions or boards.

**Sponsors:** Senators Newhouse, Loveland, Morton, Rasmussen, Deccio and Schow.

### Brief History:

#### Committee Activity:

Agriculture & Ecology: 2/25/98, 2/26/98 [DP];

Finance: 3/2/98 [DP].

#### Floor Activity:

Passed House: 3/6/98, 93-5.

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### HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

**Majority Report:** Do pass. 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).

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 12 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Mulliken, Vice Chairman; Boldt; Butler; Conway; Kastama; Mason; Morris; Pennington; Schoesler and Thompson.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Dunshee, Ranking Minority Member; and Dickerson, Assistant Ranking Minority Member.

**Staff:** Rick Peterson, (786-7150).

**Background:** Four of the activities upon which a business and occupation (B&O) tax is levied are manufacturing, selling at wholesale, selling at retail, and providing services. Effective July 1, 1998, the B&O tax rate on these activities is:

- for manufacturing and selling at wholesale, a rate of 0.484 percent;
- for retailing, a rate of 0.471 percent;
- for business service activities, a rate of 0.275 percent for international investment management services and 1.5 percent for general business services.

The Hop Commodity Board, known popularly as the Hop Commission, was created by a marketing order issued and approved under the Agricultural Enabling Act of 1961.

**Summary of Bill:** The B&O tax laws do not apply to a nonprofit organization for income from business activities for a hop commodity commission or hop commodity board created by state statute or created under the Agricultural Enabling Act of 1955 or 1961. This exemption applies if: the activity is approved by a referendum conducted by the commission or board; the person is specified in information distributed by the commission or board for the referendum as a person who is to conduct the activity; and the referendum is conducted in the manner prescribed by the statutes governing the commission or board for approving assessments or expenditures, or otherwise authorizing or approving activities of the commission or board. Such a nonprofit organization is one that qualifies for an exemption from federal income taxation provided for labor, agricultural, and horticultural organizations.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** (Agriculture & Ecology) The Hop Growers Association conducts activities for the hop growers and boards in three states. By doing so, it provides for the efficient use of the growers' funds. The bill clarifies that the activities conducted for the Washington board are not subject to B&O taxation.

(Finance) None.

**Testimony Against:** (Agriculture & Ecology) None.

(Finance) None.

**Testified:** (Agriculture & Ecology) Steve George, Hop Growers Association and Hop Commission (in favor).

(Finance) None.