

SENATE BILL REPORT

SB 6254

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, January 24, 2000

Title: An act relating to taxation of natural or manufactured gas used for growing agricultural crops, poultry, or livestock.

Brief Description: Modifying the taxation of natural or manufactured gas.

Sponsors: Senators Rasmussen and Morton.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 1/19/2000, 1/24/2000 [DPS-WM].

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6254 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Rasmussen, Chair; T. Sheldon, Vice Chair; Gardner, Honeyford, Morton, Prentice, Snyder, Stevens and Swecker.

Staff: Bob Lee (786-7404)

Background: Natural gas is normally distributed to customers through a pipeline. These sales are subject to a 3.852 percent public utility tax and are exempt from the retail sales tax.

Propane is normally distributed to customers from a truck. These sales are subject to the state and local retail sales tax of approximately 8 percent depending on the jurisdiction.

Summary of Substitute Bill: Sales of propane delivered by truck to a farm for growing agricultural crops, poultry or livestock are exempt from sales and use taxes.

Substitute Bill Compared to Original Bill: The original bill sought to lower the tax rate for propane to be equivalent to the tax rate for natural gas. The substitute bill exempts propane from the sales and use tax.

Appropriation: None.

Fiscal Note: Requested on January 11, 2000.

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

Testimony For: None.

Testimony Against: The Department of Revenue expressed concerns with the manner used to equalize the tax rates in the original bill and suggested an alternative.

Testified: Anne Solwick, Dept. of Revenue.