

***Finance Committee***

***HB 1886***

***Brief Description:*** Reducing the tax on health products for animals.

***Sponsors:*** Representatives Linville, G. Chandler, Grant, Doumit, B. Chandler and Hatfield.

***Brief Summary of Bill***

- *The sale or use of animal health products for the purpose of optimizing animal production is exempted from retail sales and use taxes for farmers and persons involved in certain habitat development or conservation activities.*

***Hearing Date:*** 2/22/01

***Staff:*** Mark Matteson (786-7145).

***Background:***

*The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The tax base includes goods and certain services. The tax is imposed at a 6.5 percent rate by the state. Cities and counties may impose a local tax at a rate up to a maximum of 3.1 percent; currently, local rates imposed range from 0.5 percent to 2.3 percent. Sales tax is paid by the purchaser and collected by the seller.*

*The use tax is imposed on items used in the state which were not subject to the retail sales tax, and includes purchases made in other states and purchases from sellers who do not collect Washington sales tax. The state and local rates are the same as those imposed under the retail sales tax. Use tax is paid directly to the Department of Revenue.*

*All items and services in the retail tax base are taxed unless specifically exempted in statute. An exemption is provided to certain persons for sales or use of feed, seed, fertilizer, agents for enhanced pollination, spray materials, and chemical sprays used to prevent mold or fungus. The exemption is available to farmers for the purpose of growing or raising an agricultural product for sale or who are under contract with a nonprofit*

*entity or the Department of Fish and Wildlife to improve wildlife habitat. The exemption is also available to persons who are participating in one of several federal conservation or habitat development programs.*

*Substances used to optimize animal production are subject to retail sales and use taxes even if purchased by farmers.*

***Summary of Bill:***

*The exemption from retail sales and use taxes provided to farmers and persons involved in certain habitat and conservation programs for certain agricultural input purchases is extended to include sales of substances used to optimize animal production, including vaccinations, antibiotics, parasite treatments, approved animal pharmaceuticals, and other health products.*

***Appropriation:*** None.

***Fiscal Note:*** Available.

***Effective Date:*** The bill takes effect on August 1, 2001.