

SENATE BILL REPORT

SHB 1339

As Reported By Senate Committee On:
Agriculture & International Trade, March 21, 2001

Title: An act relating to providing equity in the taxation of farmers.

Brief Description: Providing equity in the taxation of farmers.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Linville (co-prime sponsor), Ericksen (co-prime sponsor), Barlean and Van Luven; by request of Department of Revenue).

Brief History:

Committee Activity: Agriculture & International Trade: 3/21/01 [DP].

SENATE COMMITTEE ON AGRICULTURE & INTERNATIONAL TRADE

Majority Report: Do pass.

Signed by Senators Rasmussen, Chair; Shin, Vice Chair; Parlette, Sheahan and Swecker.

Staff: Bob Lee (786-7404)

Background: The Department of Revenue reviewed the excise tax code and has developed recommended statutory language to assure that the activity of farming is treated consistently throughout the code.

Agricultural product is currently defined to include animals produced for resale, but excludes animals intended to be pets. However, pets are not currently defined.

There currently is an exemption from the sales and use tax for sales of purebred livestock. However, livestock is not currently defined.

The current interpretation of an ambiguous statute is that all farmers eligible for the business and occupation (B&O) exemption are also exempt the litter tax.

Current interpretation disallows a farmer who also engages in manufacturing to lose the exemption from the sales tax for the purchase of feed, seed, and fertilizer that is ordinarily available.

Summary of Bill: Reference is made in the excise tax code to an existing definition of pets that includes dogs, cats, monkeys, and other similar primates, turtles, psittacine birds, skunks, or any other species of wild or domestic animals sold or retained for the purpose of being kept as a household pet.

Reference is made in the excise tax code to an existing definition of livestock that includes horses, mules, donkeys, cattle, bison, sheep, goats, swine, rabbits, llamas, alpacas, raticities,

poultry, waterfowl, game birds, and other species so designated by statute. Free ranging wildlife are not included.

Clarification is made that all farmers eligible for the B&O exemption are also exempt under the litter tax.

Farmers who also manufacture are allowed the exemption for seed, feed and fertilizer but would continue to be subject to the manufacturer's tax.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The Department of Revenue developed this bill to help ease the administration of the tax code by providing definitions of key terms and clarifying language. The one small substantive change is to clarify that if a farmer also is a manufacturer, he would continue to be taxed as a manufacturer but would not lose the exemptions normally available to a farmer.

Testimony Against: None.

Testified: Tim Sekerak, Dept. of Revenue (pro).