

SENATE BILL REPORT

SB 5668

As Reported By Senate Committee On:
Agriculture & International Trade, February 16, 2001

Title: An act relating to the exemption of machinery and equipment used in farming operations from the state property tax and preventing a shift of property taxes.

Brief Description: Exempting farming machinery and equipment from the state property tax.

Sponsors: Senators Rasmussen, Sheahan, Shin, Parlette, Hargrove, Hewitt, Honeyford, Morton, Hale, Stevens, Hochstatter, Swecker, T. Sheldon, Zarelli, Haugen and Roach.

Brief History:

Committee Activity: Agriculture & International Trade: 2/9/01, 2/16/01 [DP-WM].
Ways & Means: 3/6/01.

SENATE COMMITTEE ON AGRICULTURE & INTERNATIONAL TRADE

Majority Report: Do pass and be referred to Committee on Ways & Means.

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

Staff: Bob Lee (786-7404)

SENATE COMMITTEE ON WAYS & MEANS

Staff: David Schumacher (786-7474)

Background: Personal property such as machinery and equipment is subject to assessment for property tax purposes. The state portion of the assessment on personal property averages about \$3.20 per thousand of assessed valuation and constitutes about one third of the total regular tax rate charged on personal property.

Summary of Bill: Machinery and equipment owned by a farmer and used exclusively in farming activities to grow agricultural products is exempt from property taxes levied for any state purpose. The machinery and equipment continues to be subject to property tax for local purposes and special levies.

The exemption from the state portion of the tax results in a reduction in taxes deposited into the state general fund.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect for taxes levied for collection in 2003.

Testimony For: Because of the current depressed economic conditions of much of the agricultural industry in the state, this bill would result in a savings to farmers in the taxes that are required to be paid on farm machinery and equipment. The reduction in taxes is to the state general fund. The bill is structured to not reduce taxes to local taxing districts in agricultural areas that are also dealing with a depressed economy or to cause a tax shift to other local taxpayers.

Testimony Against: None.

Testified: Charlie Brown, WA State Potato Commission (pro).