
HOUSE BILL 1765

State of Washington

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2001 Regular Session

By Representatives Linville, G. Chandler, Kessler, Pearson, Eickmeyer, Grant, DeBolt, Schoesler, Buck, B. Chandler, Doumit, Casada and Mulliken

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1 AN ACT Relating to providing a tax rate for manufacturers of dairy
2 products comparable to other processors of agricultural commodities;
3 reenacting and amending RCW 82.04.260; creating a new section; and
4 providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The purpose of this act is to provide a tax
7 rate for persons who manufacture dairy products that is commensurate to
8 the rate imposed on certain other processors of agricultural
9 commodities. This tax rate applies to persons who manufacture dairy
10 products from raw materials such as fluid milk, dehydrated milk, or
11 byproducts of milk such as cream, buttermilk, whey, butter, or casein.
12 It is not the intent of the legislature to provide this tax rate to any
13 person who uses a dairy product as an ingredient or component for a
14 manufactured product, for example a person who makes milk-based soups
15 or a person who makes pizza. Rather, it is the intent that persons who
16 manufacture products such as milk, cheese, yogurt, ice cream, whey, or
17 whey products be subject to this rate.

1 **Sec. 2.** RCW 82.04.260 and 1998 c 312 s 5 and 1998 c 311 s 2 are
2 each reenacted and amended to read as follows:

3 (1) Upon every person engaging within this state in the business of
4 manufacturing:

5 (a) Wheat into flour, barley into pearl barley, soybeans into
6 soybean oil, canola into canola oil, canola meal, or canola byproducts,
7 or sunflower seeds into sunflower oil; as to such persons the amount of
8 tax with respect to such business shall be equal to the value of the
9 flour, pearl barley, oil, canola meal, or canola byproduct
10 manufactured, multiplied by the rate of 0.138 percent;

11 (b) Seafood products which remain in a raw, raw frozen, or raw
12 salted state at the completion of the manufacturing by that person; as
13 to such persons the amount of tax with respect to such business shall
14 be equal to the value of the products manufactured, multiplied by the
15 rate of 0.138 percent; ((and))

16 (c) By canning, preserving, freezing, processing, or dehydrating
17 fresh fruits and vegetables, or selling at wholesale fresh fruits and
18 vegetables canned, preserved, frozen, processed, or dehydrated by the
19 seller and sold to purchasers who transport in the ordinary course of
20 business the goods out of this state; as to such persons the amount of
21 tax with respect to such business shall be equal to the value of the
22 products canned, preserved, frozen, processed, or dehydrated multiplied
23 by the rate of 0.138 percent. As proof of sale to a person who
24 transports in the ordinary course of business goods out of this state,
25 the seller shall annually provide a statement in a form prescribed by
26 the department and retain the statement as a business record; and

27 (d) Dairy products that, as of the effective date of this section,
28 are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
29 including byproducts from the manufacturing of dairy products such as
30 whey and casein, or selling the same to purchasers who transport in the
31 ordinary course of business the goods out of state; as to these persons
32 the tax imposed is equal to the value of the products manufactured
33 multiplied by the rate of 0.138 percent. As proof of sale to a person
34 who transports in the ordinary course of business goods out of this
35 state, the seller must maintain a statement in a form prescribed by the
36 department and retain the statement as a business record. For the
37 purposes of this subsection, "dairy products" includes, but is not
38 limited to, byproducts such as whey and casein.

1 (2) Upon every person engaging within this state in the business of
2 splitting or processing dried peas; as to such persons the amount of
3 tax with respect to such business shall be equal to the value of the
4 peas split or processed, multiplied by the rate of 0.138 percent.

5 (3) Upon every nonprofit corporation and nonprofit association
6 engaging within this state in research and development, as to such
7 corporations and associations, the amount of tax with respect to such
8 activities shall be equal to the gross income derived from such
9 activities multiplied by the rate of 0.484 percent.

10 (4) Upon every person engaging within this state in the business of
11 slaughtering, breaking and/or processing perishable meat products
12 and/or selling the same at wholesale only and not at retail; as to such
13 persons the tax imposed shall be equal to the gross proceeds derived
14 from such sales multiplied by the rate of 0.138 percent.

15 (5) Upon every person engaging within this state in the business of
16 making sales, at retail or wholesale, of nuclear fuel assemblies
17 manufactured by that person, as to such persons the amount of tax with
18 respect to such business shall be equal to the gross proceeds of sales
19 of the assemblies multiplied by the rate of 0.275 percent.

20 (6) Upon every person engaging within this state in the business of
21 manufacturing nuclear fuel assemblies, as to such persons the amount of
22 tax with respect to such business shall be equal to the value of the
23 products manufactured multiplied by the rate of 0.275 percent.

24 (7) Upon every person engaging within this state in the business of
25 acting as a travel agent or tour operator; as to such persons the
26 amount of the tax with respect to such activities shall be equal to the
27 gross income derived from such activities multiplied by the rate of
28 0.275 percent.

29 (8) Upon every person engaging within this state in business as an
30 international steamship agent, international customs house broker,
31 international freight forwarder, vessel and/or cargo charter broker in
32 foreign commerce, and/or international air cargo agent; as to such
33 persons the amount of the tax with respect to only international
34 activities shall be equal to the gross income derived from such
35 activities multiplied by the rate of 0.275 percent.

36 (9) Upon every person engaging within this state in the business of
37 stevedoring and associated activities pertinent to the movement of
38 goods and commodities in waterborne interstate or foreign commerce; as
39 to such persons the amount of tax with respect to such business shall

1 be equal to the gross proceeds derived from such activities multiplied
2 by the rate of 0.275 percent. Persons subject to taxation under this
3 subsection shall be exempt from payment of taxes imposed by chapter
4 82.16 RCW for that portion of their business subject to taxation under
5 this subsection. Stevedoring and associated activities pertinent to
6 the conduct of goods and commodities in waterborne interstate or
7 foreign commerce are defined as all activities of a labor, service or
8 transportation nature whereby cargo may be loaded or unloaded to or
9 from vessels or barges, passing over, onto or under a wharf, pier, or
10 similar structure; cargo may be moved to a warehouse or similar holding
11 or storage yard or area to await further movement in import or export
12 or may move to a consolidation freight station and be stuffed,
13 unstuffed, containerized, separated or otherwise segregated or
14 aggregated for delivery or loaded on any mode of transportation for
15 delivery to its consignee. Specific activities included in this
16 definition are: Wharfage, handling, loading, unloading, moving of
17 cargo to a convenient place of delivery to the consignee or a
18 convenient place for further movement to export mode; documentation
19 services in connection with the receipt, delivery, checking, care,
20 custody and control of cargo required in the transfer of cargo;
21 imported automobile handling prior to delivery to consignee; terminal
22 stevedoring and incidental vessel services, including but not limited
23 to plugging and unplugging refrigerator service to containers,
24 trailers, and other refrigerated cargo receptacles, and securing ship
25 hatch covers.

26 (10) Upon every person engaging within this state in the business
27 of disposing of low-level waste, as defined in RCW 43.145.010; as to
28 such persons the amount of the tax with respect to such business shall
29 be equal to the gross income of the business, excluding any fees
30 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3
31 percent.

32 If the gross income of the taxpayer is attributable to activities
33 both within and without this state, the gross income attributable to
34 this state shall be determined in accordance with the methods of
35 apportionment required under RCW 82.04.460.

36 (11) Upon every person engaging within this state as an insurance
37 agent, insurance broker, or insurance solicitor licensed under chapter
38 48.17 RCW; as to such persons, the amount of the tax with respect to

1 such licensed activities shall be equal to the gross income of such
2 business multiplied by the rate of 0.484 percent.

3 (12) Upon every person engaging within this state in business as a
4 hospital, as defined in chapter 70.41 RCW, that is operated as a
5 nonprofit corporation or by the state or any of its political
6 subdivisions, as to such persons, the amount of tax with respect to
7 such activities shall be equal to the gross income of the business
8 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
9 percent thereafter. The moneys collected under this subsection shall
10 be deposited in the health services account created under RCW
11 43.72.900.

12 NEW SECTION. **Sec. 3.** This act takes effect August 1, 2001.

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