

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1906

Chapter 24, Laws of 2001

(partial veto)

57th Legislature
2001 Second Special Legislative Session

FARM EQUIPMENT--TAX EXEMPTION

EFFECTIVE DATE: 9/20/01

Passed by the House June 4, 2001
Yeas 88 Nays 0

FRANK CHOPP
**Speaker of the House of
Representatives**

CLYDE BALLARD
**Speaker of the House of
Representatives**

Passed by the Senate June 21, 2001
Yeas 26 Nays 11

BRAD OWEN
President of the Senate

Approved July 13, 2001, with the
exception of section 2, which is
vetoed.

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1906** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

CYNTHIA ZEHNDER
Chief Clerk

FILED

July 13, 2001 - 3:15 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1906

Passed Legislature - 2001 2nd Special Session

State of Washington 57th Legislature 2001 Regular Session

By House Committee on Finance (originally sponsored by Representatives Linville, G. Chandler, Schoesler, Haigh, B. Chandler, Hunt, Morris, Kirby, Grant, Jackley, Cox, Hatfield, Mielke, Armstrong, Delvin, Mulliken, Sump, McMorris, Barlean, Pflug, Kessler, Pearson and Conway)

Read first time 03/08/2001. Referred to Committee on .

1 AN ACT Relating to the exemption of machinery and equipment used in
2 farming operations from the state property tax and preventing a shift
3 of property taxes; adding a new section to chapter 84.36 RCW; adding a
4 new section to chapter 84.55 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW
7 to read as follows:

8 (1) All machinery and equipment owned by a farmer that is personal
9 property is exempt from property taxes levied for any state purpose if
10 it is used exclusively in growing and producing agricultural products
11 during the calendar year for which the claim for exemption is made.

12 (2) "Farmer" has the same meaning as defined in RCW 82.04.213.

13 (3) A claim for exemption under this section shall be filed with
14 the county assessor together with the verified statement required under
15 RCW 84.40.190, for exemption from taxes payable the following year.
16 The claim shall be made solely upon forms as prescribed and furnished
17 by the department of revenue.

1 ****NEW SECTION. Sec. 2. A new section is added to chapter 84.55 RCW***
2 *to read as follows:*

3 *The levy for the state in any year shall be reduced as necessary to*
4 *prevent exemptions under section 1 of this act from resulting in a*
5 *higher tax rate than would have occurred in the absence of the*
6 *exemptions under section 1 of this act.*

7 **Sec. 2 was vetoed. See message at end of chapter.*

8 NEW SECTION. **Sec. 3.** This act applies to taxes levied for
9 collection in 2003 and every year thereafter.

 Passed the House June 4, 2001.

 Passed the Senate June 21, 2001.

 Approved by the Governor July 13, 2001, with the exception of
 certain items that were vetoed.

 Filed in Office of Secretary of State July 13, 2001.

1 Note: Governor's explanation of partial veto is as follows:

2 "I am returning herewith, without my approval as to section 2,
3 Substitute House Bill No. 1906 entitled:

4 "AN ACT Relating to the exemption of machinery and equipment used
5 in farming operations from the state property tax and preventing a
6 shift of property taxes;"

7 Substitute House Bill No. 1906 authorizes an exemption from the
8 state property tax for machinery and equipment owned by a farmer and
9 used exclusively to grow agricultural products. Under the bill,
10 farmers will continue to pay local property taxes on the machinery and
11 equipment.

12 Section 2 of the bill would have required the state levy to be
13 recalculated so that the exemption would not increase the rate of the
14 state property tax levy, shifting the property tax burden to other
15 property tax payers. The result would have been to permanently reduce
16 revenues going into the state General Fund.

17 In the 2003-2005 biennium, section 2 would have caused a reduction
18 in General Fund revenues of almost seven million dollars. The recently
19 passed operating budget already leaves an uncomfortably small reserve
20 for the future. My veto of section 2 will preserve revenue for the
21 state General Fund and increase the reserves available for the state
22 school levy.

23 For these reasons, I have vetoed section 2 of Substitute House Bill
24 No. 1906.

25 With the exception of section 2, Substitute House Bill No. 1906 is
26 approved."