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

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

BRAD OWEN
President of the Senate

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

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

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

GARY LOCKE
Governor of the State of Washington

SECRETARY OF STATE
State of Washington
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; adding a new section to chapter 84.36 RCW; adding a new section to chapter 84.55 RCW; and creating a new section.

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

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

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

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

(3) A claim for exemption under this section shall be filed with the county assessor together with the verified statement required under RCW 84.40.190, for exemption from taxes payable the following year. The claim shall be made solely upon forms as prescribed and furnished by the department of revenue.
*NEW SECTION. Sec. 2. A new section is added to chapter 84.55 RCW
to read as follows:

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

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

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

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.

Note: Governor’s explanation of partial veto is as follows:

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

"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;"

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

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

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

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

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