

SENATE BILL REPORT

SB 6402

As of January 29, 2014

Title: An act relating to defining honey bee products and services as an agricultural product.

Brief Description: Defining honey bee products and services as an agricultural product.

Sponsors: Senators Honeyford, Hatfield, Brown, Dandel, Parlette and Bailey.

Brief History:

Committee Activity: Agriculture, Water & Rural Economic Development: 1/30/14.

SENATE COMMITTEE ON AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT

Staff: Diane Smith (786-7410)

Background: A state business and occupation (B&O) tax is imposed on every person who has a substantial nexus to the state for the act or privilege of doing business. The amount of the tax depends on the category of business conducted. The general tax rate on manufacturers and on wholesalers is 0.484 percent. The general rate on retailers is 0.471 percent. The tax is levied on the gross receipts of all business activities, except utility activities, conducted within the state. Unlike a corporate net income tax, there are no deductions for the costs of doing business.

No category of state B&O tax applies to any farmer selling agricultural products at wholesale or to any farmer who grows agricultural products owned by others, such as custom feed operations. A farmer is defined as a person producing agricultural products for sale.

A separate exemption from state B&O tax which expires on July 1, 2017, applies to wholesale sales of honey bee products when the sale does not otherwise qualify for the general agricultural product exemption. Honey bee products are defined as queen honey bees, packaged honey bees, honey, pollen, beeswax, propolis, or other substances obtained from honey bees. Honey bee products do not include manufactured substances or articles.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): The definition of agricultural product for purposes of the state B&O tax includes honey bee products and bee pollination services. This makes

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honey bee products and bee pollination services exempt from state B&O tax under the general agricultural product exemption. This exemption is permanent and not subject to the ten-year expiration date or a tax preference performance statement.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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