

# HOUSE BILL REPORT

## HB 1140

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**As Reported by House Committee On:**  
Agriculture & Ecology

**Title:** An act relating to the taxation of grain warehouse companies.

**Brief Description:** Modifying the taxation of grain warehouses.

**Sponsors:** Representatives Schoesler, Grant, Sump, G. Chandler, Cox, McMorris, Doumit, Mielke, Armstrong, Mastin, B. Chandler, Linville, Hatfield, Alexander, Benson and Haigh.

**Brief History:**

**Committee Activity:**

Agriculture & Ecology: 1/30/01, 2/13/01 [DPS].

**Brief Summary of Substitute Bill**

- Allows a grain warehouse to report for B&O tax purposes based on either a cash receipt or accrual basis regardless of its normal accounting methods.

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### HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives G. Chandler, Republican Co-Chair; Linville, Democratic Co-Chair; Cooper, Democratic Vice Chair; Mielke, Republican Vice Chair; B. Chandler, Delvin, Dunshee, Grant, Hunt, Kirby, Quall, Roach, Schoesler and Sump.

**Staff:** Kenneth Hirst (786-7105).

**Background:**

In reporting for business and occupation (B&O) tax purposes, a taxpayer is to report on a cash receipts or accrual basis according to the method of accounting regularly employed in keeping the taxpayer's books. If the books are kept on the basis of charges that are accruing, reporting for B&O tax purposes is to be based on those accruals although payment for those accruing changes may not yet have been received by the taxpayer.

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**Summary of Substitute Bill:**

A person operating a grain warehouse may elect to report for B&O tax purposes based on either a cash receipts or accrual basis regardless of the accounting method regularly employed by the warehouse.

**Substitute Bill Compared to Original Bill:**

Deleted from the original bill are the provisions altering the B&O tax rate for grain warehouses.

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**Appropriation:** None.

**Fiscal Note:** Available (original bill).

**Effective Date of Substitute Bill:** The bill contains an emergency clause and takes effect July 1, 2001.

**Testimony For:** Without the bill, grain warehouses have to pay taxes on the grain they store. They have to pay before the grain is sold and the warehouse is paid for its storage costs. This creates a cash flow problem.

**Testimony Against:** None.

**Testified:** (In favor/Original Bill) Dan Coyne, Washington State Council of Farmer Cooperatives.