
SENATE BILL 5484

State of Washington

57th Legislature

2001 Regular Session

By Senators Hargrove and Rasmussen

Read first time 01/24/2001. Referred to Committee on Natural Resources, Parks & Shorelines.

1 AN ACT Relating to taxation of businesses selling conifer seeds or
2 growing seedlings; adding a new section to chapter 82.08 RCW; adding a
3 new section to chapter 82.12 RCW; and creating new sections.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that in-state sellers
6 of conifer tree seeds and persons growing customer-owned conifer seeds
7 into seedlings are placed at a marketplace disadvantage compared to
8 persons doing the same activity out of state because of the unique
9 storage and growing requirements of conifer seeds. It is the intent of
10 the legislature to eliminate this disadvantage by providing a limited
11 sales tax exemption for the sale of conifer tree seeds to be used to
12 grow timber outside Washington, or sold to an Indian tribe or member to
13 grow timber in Indian country, if upon sale the seed is immediately
14 placed into freezer storage operated by the seller.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW
16 to read as follows:

17 (1) The tax levied by RCW 82.08.020 shall not apply to the sale of
18 conifer tree seed that is immediately placed into freezer storage

1 operated by the seller and is: (a) To be used for growing timber
2 outside Washington; or (b) sold to an Indian tribe or member and is to
3 be used for growing timber in Indian country. This section applies
4 only if the buyer provides the seller with an exemption certificate in
5 a form and manner prescribed by the department. The seller shall
6 retain a copy of the certificate for the seller's files. For the
7 purposes of this section, "Indian country" has the meaning given in RCW
8 82.24.010.

9 (2) If a buyer of conifer seeds normally is engaged in growing
10 timber both within and outside Washington and is not able to determine
11 at the time of purchase whether the conifer seeds acquired, or the
12 seedlings germinated from the conifer seeds acquired, will be used for
13 growing timber within or outside Washington, the buyer may defer
14 payment of the sales tax until it is determined that the conifer seeds,
15 or seedlings germinated from the conifer seeds, are or will be planted
16 for growing timber in Washington. The buyer shall account for the
17 selling price paid of any conifer seed purchased with an exemption
18 certificate under this section that is used to grow timber in
19 Washington and shall remit the sales tax on the conifer seed to the
20 department.

21 (3) A buyer who pays retail sales tax on the purchase of conifer
22 seed and subsequently determines that the sale qualifies for the tax
23 exemption provided in this section is entitled to a deduction on the
24 buyer's tax return equal to the cost to the buyer of purchased seed.
25 The deduction is allowed only if the buyer keeps and preserves records
26 that show from whom the conifer seeds were purchased, the date of the
27 purchase, the amount of the purchase, and the tax that was paid.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW
29 to read as follows:

30 The provisions of this chapter shall not apply in respect to the
31 use of conifer seed to grow seedlings if the seedlings are grown by a
32 person other than the owner of the seeds. This section applies only if
33 the seedlings will be used for growing timber outside Washington, or if
34 the owner of the seeds is an Indian tribe or member and the seedlings
35 will be used for growing timber in Indian country.

36 If the owner of conifer seeds is not able to determine at the time
37 the seed is used in a growing process whether the use of the seed is
38 exempt of tax under this section, the owner may defer payment of the

1 use tax until it is determined that the seedlings are or will be
2 planted for growing timber in Washington. For the purposes of this
3 section, "Indian country" has the meaning given in RCW 82.24.010.

4 NEW SECTION. **Sec. 4.** This act applies retroactively.

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