

# HOUSE BILL REPORT

## HB 2032

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### As Passed House:

March 8, 2007

**Title:** An act relating to the application process for the fruit and vegetable processing and storage tax deferral.

**Brief Description:** Concerning the tax deferral application process for fruit and vegetable processing and storage.

**Sponsors:** By Representatives Takko and Hinkle.

### Brief History:

#### Committee Activity:

Finance: 2/23/07, 3/2/07 [DP].

#### Floor Activity:

Passed House: 3/8/07, 98-0.

### Brief Summary of Bill

- Allows a business to apply for the fruit and vegetable tax deferral program before July 1, 2007.

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## HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

**Staff:** Jeff Mitchell (786-7139).

### Background:

In 2005, a sales and use tax deferral program (program) was authorized for fruit and vegetable processing, cold storage warehousing, and related research and development businesses. The program authorized the deferral of sales and use taxes on tangible personal property including machinery and equipment, and labor and services related to the construction, expansion, or operation of facilities used for eligible processing, warehousing, or research and

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development. The deferred taxes are forgiven if the investment project meets the program criteria for eight years.

In 2006, dairy product manufacturing and seafood processing were included within the program.

To qualify for the deferral of taxes, a person must apply to the Department of Revenue prior to the initiation of construction of a facility, or the purchase of machinery and equipment, to be used for fresh fruit and vegetable processing, seafood product manufacturing, dairy product manufacturing, cold storage warehousing, or related research and development.

A person may not apply for the tax deferral before July 1, 2007. The program expires July 1, 2012.

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**Summary of Bill:**

Businesses are authorized to apply for the deferral of sales and use taxes under the program before July 1, 2007.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:**

(In support) This bill will move the application date up and help potato and onion processors receive tax relief. We want to be able to apply to the sales tax deferral prior to July 1 as we need to begin construction immediately to have our plant operational by September.

(Opposed) None.

**Persons Testifying:** Representative Takko, prime sponsor; Representative Hinkle; and Jake Wardener, Blue Sky.

**Persons Signed In To Testify But Not Testifying:** None.