

HOUSE BILL REPORT

2SSB 6468

As Reported by House Committee On:
Finance

Title: An act relating to the taxation of honey beekeepers.

Brief Description: Concerning the taxation of honey beekeepers.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators King, Rasmussen, Roach, Hobbs, Honeyford, Hewitt and Sheldon).

Brief History:

Committee Activity:

Finance: 3/3/08 [DPA].

**Brief Summary of Second Substitute Bill
(As Amended by House Committee)**

- Concerning the taxation of honey beekeepers.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. 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: Don Taylor (786-7388).

Background:

Farmers who sell agricultural products at wholesale are exempt from the business and occupation (B&O) tax. Agricultural products include any product of plant cultivation or animal husbandry including a product of horticulture, grain cultivating, vermiculture (worms), viticulture (grapes), or private culture aquatic products, or a bird, or insect, or the substances obtained from such an animal.

A farmer is defined as a person engaged in the business of growing, raising, or producing, upon his own land or land which a person has a present right of possession (rented land).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Hives are often rented to provide pollination service for crops on lands owned or rented by others.

Businesses with activities subject to the B&O tax but generate less than \$12,000 per year in gross income are not required to register with the Department of Revenue. Honey and bee products produced on an apiarist's own farm are not subject to the B&O tax. However, income from the sale of honey, pollination services, and bee products produced off the apiarist's own farm that exceeds the \$12,000 annual threshold is required to be reported to the Department of Revenue and is subject to the B&O tax.

Summary of Amended Bill:

A new exemption from state B&O tax is provided for income derived from wholesale sales of honey bee products by eligible apiarists. To qualify, an apiarist must be registered with the Department of Agriculture pursuant to Chapter 15.60 RCW and must maintain at least one bee colony consisting of at least 7,000 workers bees and one or more queen bees. The exemption pertains to sales of honey, as well as queen bees, packaged honey bees, pollen, bees wax, and other substances derived from honey bees.

Another new B&O tax exemption is established for eligible apiarists for income derived from providing pollination services for farmers.

New exemptions from retail sales and use tax are enacted for the purchase of honey bees by eligible apiarists.

The exemptions in the bill take effect on July 1, 2008, and expire on July 1, 2013.

Amended Bill Compared to Second Substitute Bill:

The amendment to the B&O tax exemption for agricultural producers in the Senate bill is replaced by a new section which exempts from B&O tax income derived from wholesale sales of honey bee products by eligible apiarists.

The amendment to the sales and use tax exemption for diesel fuel used on farms is removed from the bill.

An expiration date of July 2, 2013, is added for the B&O tax exemption for sales of honey bee products and for the sales and use tax exemptions for honey bees purchased by eligible apiarists.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect on July 1, 2008.

Staff Summary of Public Testimony:

None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.