

SENATE BILL REPORT

SB 5453

As of February 25, 2013

Title: An act relating to extending the expiration date of tax exemptions for honey beekeepers.

Brief Description: Extending the expiration date of tax exemptions for honey beekeepers.

Sponsors: Senators Honeyford, Hobbs, Shin, Hatfield, Bailey, Parlette, Eide, Schoesler and King.

Brief History:

Committee Activity: Ways & Means: 2/25/13.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Juliana Roe (786-7438)

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, viticulture, privately cultured aquatic products, or a bird, insect, or the substances obtained from such an animal.

Businesses with activities subject to the B&O tax that generate less than \$12,000 per year in gross income are not required to register with the Department of Revenue (DOR). Honey and bee products produced on an apiarist's own farm are not subject to the B&O tax. Income received from the sale of honey, pollination services, and bee products produced off of the apiarist's own farm that exceeds the \$12,000 annual threshold is currently exempt from the B&O tax through July 1, 2013. To qualify for these exemptions, beekeepers must be registered with the Department of Agriculture.

Summary of Bill: The B&O and sales and use tax exemptions provided to beekeepers for the following activities are extended until July 1, 2016:

- the B&O tax on the wholesale sale of honey and honey bee products;
- the B&O tax on bee pollination services; and
- the sales and use tax on the sale of pollinating bees.

Appropriation: None.

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.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Washington State is the only entity in the world that does not recognize beekeepers as farmers. Beekeepers merely want the same treatment as other farmers. Beekeepers need all the help they can get. The bee situation has not improved. We continue to see parasites and diseases hitting our hives. Further, these taxes hinder many new or small businesses from going forward as the taxes are overwhelming. This bill will provide some much-needed relief, but we should also look at making this a permanent exemption. There is a bill in the House that provides more relief to beekeepers by way of a sales tax exemption for bee feed. That bill would also be greatly received in addition to this bill.

Persons Testifying: PRO: Senator Honeyford, prime sponsor; Eric Olsen, Olsen's Honey; Mark Emrich, WA State Beekeepers Assn.; Alisa Shorey, John Timmons, Pierce County Beekeepers Assn.; Tim Hiatt, Hiatt Honey.