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**SECOND SUBSTITUTE SENATE BILL 6402**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Honeyford, Hatfield, Brown, Dansel, Parlette, and Bailey)

READ FIRST TIME 02/07/14.

1        AN ACT Relating to defining honey bee products and services as an  
2 agricultural product; amending RCW 82.04.330, 82.04.050, and 82.08.855;  
3 reenacting and amending RCW 82.04.213; creating new sections; repealing  
4 RCW 82.04.629, 82.04.630, 82.08.0204, 82.12.0204, 82.08.200, 82.12.200,  
5 and 43.136.047; and providing an effective date.

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

7        NEW SECTION.        **Sec. 1.**        This section is the tax preference  
8 performance statement for the tax preference contained in this act.  
9 This performance statement is only intended to be used for subsequent  
10 evaluation of the tax preference. It is not intended to create a  
11 private right of action by any party or be used to determine  
12 eligibility for preferential tax treatment.

13        It is the legislature's specific public policy objective to support  
14 the honey bee industry and provide tax relief to eligible apiarists.  
15 Honey bees pollinate eighty percent of the nation's flowering crops,  
16 which include agricultural crops. They are vitally important to  
17 agriculture and an integral part of food production. Therefore, the  
18 legislature intends to permanently include eligible apiarists within  
19 the definition of farmer and define honey bee products as agricultural

1 products so that they may receive the same tax relief as that provided  
2 to other sectors of agriculture. Because the legislature intends for  
3 the changes in this act to be permanent, they are exempt from the ten-  
4 year expiration provision in RCW 82.32.805(1)(a).

5 **Sec. 2.** RCW 82.04.213 and 2001 c 118 s 2 and 2001 c 97 s 3 are  
6 each reenacted and amended to read as follows:

7 (1) "Agricultural product" means any product of plant cultivation  
8 or animal husbandry including, but not limited to: A product of  
9 horticulture, grain cultivation, vermiculture, viticulture, or  
10 aquaculture as defined in RCW 15.85.020; plantation Christmas trees;  
11 short-rotation hardwoods as defined in RCW 84.33.035; turf; or any  
12 animal including but not limited to an animal that is a private sector  
13 cultured aquatic product as defined in RCW 15.85.020, or a bird, or  
14 insect, or the substances obtained from such an animal including honey  
15 bee products. "Agricultural product" does not include animals defined  
16 as pet animals under RCW 16.70.020.

17 (2)(a) "Farmer" means any person engaged in the business of  
18 growing, raising, or producing, upon the person's own lands or upon the  
19 lands in which the person has a present right of possession, any  
20 agricultural product to be sold, and the growing, raising, or producing  
21 honey bee products for sale, or providing bee pollination services, by  
22 an eligible apiarist. "Farmer" does not include a person growing,  
23 raising, or producing such products for the person's own consumption;  
24 a person selling any animal or substance obtained therefrom in  
25 connection with the person's business of operating a stockyard or a  
26 slaughter or packing house; or a person in respect to the business of  
27 taking, cultivating, or raising timber.

28 (b) "Eligible apiarist" means a person who owns or keeps one or  
29 more bee colonies and who grows, raises, or produces honey bee products  
30 for sale at wholesale and is registered under RCW 15.60.021.

31 (c) "Honey bee products" means queen honey bees, packaged honey  
32 bees, honey, pollen, bees wax, propolis, or other substances obtained  
33 from honey bees. "Honey bee products" does not include manufactured  
34 substances or articles.

35 **Sec. 3.** RCW 82.04.330 and 2001 c 118 s 3 are each amended to read  
36 as follows:

1       (1) This chapter (~~shall~~) does not apply to any farmer that sells  
2 any agricultural product at wholesale or to any farmer who grows,  
3 raises, or produces agricultural products owned by others, such as  
4 custom feed operations. This exemption (~~shall~~) does not apply to any  
5 person selling such products at retail or to any person selling  
6 manufactured substances or articles. This chapter does not apply to  
7 bee pollination services provided to a farmer by an eligible apiarist.

8       (2) This chapter (~~shall~~) also does not apply to any persons who  
9 participate in the federal conservation reserve program or its  
10 successor administered by the United States department of agriculture  
11 with respect to land enrolled in that program.

12       **Sec. 4.** RCW 82.04.050 and 2013 2nd sp.s. c 13 s 802 are each  
13 amended to read as follows:

14       (1)(a) "Sale at retail" or "retail sale" means every sale of  
15 tangible personal property (including articles produced, fabricated, or  
16 imprinted) to all persons irrespective of the nature of their business  
17 and including, among others, without limiting the scope hereof, persons  
18 who install, repair, clean, alter, improve, construct, or decorate real  
19 or personal property of or for consumers other than a sale to a person  
20 who:

21       (i) Purchases for the purpose of resale as tangible personal  
22 property in the regular course of business without intervening use by  
23 such person, but a purchase for the purpose of resale by a regional  
24 transit authority under RCW 81.112.300 is not a sale for resale; or

25       (ii) Installs, repairs, cleans, alters, imprints, improves,  
26 constructs, or decorates real or personal property of or for consumers,  
27 if such tangible personal property becomes an ingredient or component  
28 of such real or personal property without intervening use by such  
29 person; or

30       (iii) Purchases for the purpose of consuming the property purchased  
31 in producing for sale as a new article of tangible personal property or  
32 substance, of which such property becomes an ingredient or component or  
33 is a chemical used in processing, when the primary purpose of such  
34 chemical is to create a chemical reaction directly through contact with  
35 an ingredient of a new article being produced for sale; or

36       (iv) Purchases for the purpose of consuming the property purchased  
37 in producing ferrosilicon which is subsequently used in producing

1 magnesium for sale, if the primary purpose of such property is to  
2 create a chemical reaction directly through contact with an ingredient  
3 of ferrosilicon; or

4 (v) Purchases for the purpose of providing the property to  
5 consumers as part of competitive telephone service, as defined in RCW  
6 82.04.065; or

7 (vi) Purchases for the purpose of satisfying the person's  
8 obligations under an extended warranty as defined in subsection (7) of  
9 this section, if such tangible personal property replaces or becomes an  
10 ingredient or component of property covered by the extended warranty  
11 without intervening use by such person.

12 (b) The term includes every sale of tangible personal property that  
13 is used or consumed or to be used or consumed in the performance of any  
14 activity defined as a "sale at retail" or "retail sale" even though  
15 such property is resold or used as provided in (a)(i) through (vi) of  
16 this subsection following such use.

17 (c) The term also means every sale of tangible personal property to  
18 persons engaged in any business that is taxable under RCW 82.04.280(1)  
19 (a), (b), and (g), 82.04.290, and 82.04.2908.

20 (2) The term "sale at retail" or "retail sale" includes the sale of  
21 or charge made for tangible personal property consumed and/or for labor  
22 and services rendered in respect to the following:

23 (a) The installing, repairing, cleaning, altering, imprinting, or  
24 improving of tangible personal property of or for consumers, including  
25 charges made for the mere use of facilities in respect thereto, but  
26 excluding charges made for the use of self-service laundry facilities,  
27 and also excluding sales of laundry service to nonprofit health care  
28 facilities, and excluding services rendered in respect to live animals,  
29 birds and insects;

30 (b) The constructing, repairing, decorating, or improving of new or  
31 existing buildings or other structures under, upon, or above real  
32 property of or for consumers, including the installing or attaching of  
33 any article of tangible personal property therein or thereto, whether  
34 or not such personal property becomes a part of the realty by virtue of  
35 installation, and also includes the sale of services or charges made  
36 for the clearing of land and the moving of earth excepting the mere  
37 leveling of land used in commercial farming or agriculture;

1 (c) The constructing, repairing, or improving of any structure  
2 upon, above, or under any real property owned by an owner who conveys  
3 the property by title, possession, or any other means to the person  
4 performing such construction, repair, or improvement for the purpose of  
5 performing such construction, repair, or improvement and the property  
6 is then reconveyed by title, possession, or any other means to the  
7 original owner;

8 (d) The cleaning, fumigating, razing, or moving of existing  
9 buildings or structures, but does not include the charge made for  
10 janitorial services; and for purposes of this section the term  
11 "janitorial services" means those cleaning and caretaking services  
12 ordinarily performed by commercial janitor service businesses  
13 including, but not limited to, wall and window washing, floor cleaning  
14 and waxing, and the cleaning in place of rugs, drapes and upholstery.  
15 The term "janitorial services" does not include painting, papering,  
16 repairing, furnace or septic tank cleaning, snow removal or  
17 sandblasting;

18 (e) Automobile towing and similar automotive transportation  
19 services, but not in respect to those required to report and pay taxes  
20 under chapter 82.16 RCW;

21 (f) The furnishing of lodging and all other services by a hotel,  
22 rooming house, tourist court, motel, trailer camp, and the granting of  
23 any similar license to use real property, as distinguished from the  
24 renting or leasing of real property, and it is presumed that the  
25 occupancy of real property for a continuous period of one month or more  
26 constitutes a rental or lease of real property and not a mere license  
27 to use or enjoy the same. For the purposes of this subsection, it is  
28 presumed that the sale of and charge made for the furnishing of lodging  
29 for a continuous period of one month or more to a person is a rental or  
30 lease of real property and not a mere license to enjoy the same;

31 (g) The installing, repairing, altering, or improving of digital  
32 goods for consumers;

33 (h) Persons taxable under (a), (b), (c), (d), (e), (f), and (g) of  
34 this subsection when such sales or charges are for property, labor and  
35 services which are used or consumed in whole or in part by such persons  
36 in the performance of any activity defined as a "sale at retail" or  
37 "retail sale" even though such property, labor and services may be  
38 resold after such use or consumption. Nothing contained in this

1 subsection may be construed to modify subsection (1) of this section  
2 and nothing contained in subsection (1) of this section may be  
3 construed to modify this subsection.

4 (3) The term "sale at retail" or "retail sale" includes the sale of  
5 or charge made for personal, business, or professional services  
6 including amounts designated as interest, rents, fees, admission, and  
7 other service emoluments however designated, received by persons  
8 engaging in the following business activities:

9 (a)(i) Amusement and recreation services including but not limited  
10 to golf, pool, billiards, skating, bowling, ski lifts and tows, day  
11 trips for sightseeing purposes, and others, when provided to consumers.

12 (ii) Until July 1, 2017, amusement and recreation services do not  
13 include the opportunity to dance provided by an establishment in  
14 exchange for a cover charge.

15 (iii) For purposes of this subsection (3)(a):

16 (A) "Cover charge" means a charge, regardless of its label, to  
17 enter an establishment or added to the purchaser's bill by an  
18 establishment or otherwise collected after entrance to the  
19 establishment, and the purchaser is provided the opportunity to dance  
20 in exchange for payment of the charge.

21 (B) "Opportunity to dance" means that an establishment provides a  
22 designated physical space, on either a temporary or permanent basis,  
23 where customers are allowed to dance and the establishment either  
24 advertises or otherwise makes customers aware that it has an area for  
25 dancing;

26 (b) Abstract, title insurance, and escrow services;

27 (c) Credit bureau services;

28 (d) Automobile parking and storage garage services;

29 (e) Landscape maintenance and horticultural services but excluding  
30 (i) horticultural services provided to farmers and (ii) pruning,  
31 trimming, repairing, removing, and clearing of trees and brush near  
32 electric transmission or distribution lines or equipment, if performed  
33 by or at the direction of an electric utility;

34 (f) Service charges associated with tickets to professional  
35 sporting events; and

36 (g) The following personal services: Physical fitness services,  
37 tanning salon services, tattoo parlor services, steam bath services,  
38 turkish bath services, escort services, and dating services.

1 (4)(a) The term also includes the renting or leasing of tangible  
2 personal property to consumers.

3 (b) The term does not include the renting or leasing of tangible  
4 personal property where the lease or rental is for the purpose of  
5 sublease or subrent.

6 (5) The term also includes the providing of "competitive telephone  
7 service," "telecommunications service," or "ancillary services," as  
8 those terms are defined in RCW 82.04.065, to consumers.

9 (6)(a) The term also includes the sale of prewritten computer  
10 software to a consumer, regardless of the method of delivery to the end  
11 user. For purposes of this subsection (6)(a), the sale of prewritten  
12 computer software includes the sale of or charge made for a key or an  
13 enabling or activation code, where the key or code is required to  
14 activate prewritten computer software and put the software into use.  
15 There is no separate sale of the key or code from the prewritten  
16 computer software, regardless of how the sale may be characterized by  
17 the vendor or by the purchaser.

18 The term "retail sale" does not include the sale of or charge made  
19 for:

20 (i) Custom software; or

21 (ii) The customization of prewritten computer software.

22 (b)(i) The term also includes the charge made to consumers for the  
23 right to access and use prewritten computer software, where possession  
24 of the software is maintained by the seller or a third party,  
25 regardless of whether the charge for the service is on a per use, per  
26 user, per license, subscription, or some other basis.

27 (ii)(A) The service described in (b)(i) of this subsection (6)  
28 includes the right to access and use prewritten computer software to  
29 perform data processing.

30 (B) For purposes of this subsection (6)(b)(ii), "data processing"  
31 means the systematic performance of operations on data to extract the  
32 required information in an appropriate form or to convert the data to  
33 usable information. Data processing includes check processing, image  
34 processing, form processing, survey processing, payroll processing,  
35 claim processing, and similar activities.

36 (7) The term also includes the sale of or charge made for an  
37 extended warranty to a consumer. For purposes of this subsection,  
38 "extended warranty" means an agreement for a specified duration to

1 perform the replacement or repair of tangible personal property at no  
2 additional charge or a reduced charge for tangible personal property,  
3 labor, or both, or to provide indemnification for the replacement or  
4 repair of tangible personal property, based on the occurrence of  
5 specified events. The term "extended warranty" does not include an  
6 agreement, otherwise meeting the definition of extended warranty in  
7 this subsection, if no separate charge is made for the agreement and  
8 the value of the agreement is included in the sales price of the  
9 tangible personal property covered by the agreement. For purposes of  
10 this subsection, "sales price" has the same meaning as in RCW  
11 82.08.010.

12 (8)(a) The term also includes the following sales to consumers of  
13 digital goods, digital codes, and digital automated services:

14 (i) Sales in which the seller has granted the purchaser the right  
15 of permanent use;

16 (ii) Sales in which the seller has granted the purchaser a right of  
17 use that is less than permanent;

18 (iii) Sales in which the purchaser is not obligated to make  
19 continued payment as a condition of the sale; and

20 (iv) Sales in which the purchaser is obligated to make continued  
21 payment as a condition of the sale.

22 (b) A retail sale of digital goods, digital codes, or digital  
23 automated services under this subsection (8) includes any services  
24 provided by the seller exclusively in connection with the digital  
25 goods, digital codes, or digital automated services, whether or not a  
26 separate charge is made for such services.

27 (c) For purposes of this subsection, "permanent" means perpetual or  
28 for an indefinite or unspecified length of time. A right of permanent  
29 use is presumed to have been granted unless the agreement between the  
30 seller and the purchaser specifies or the circumstances surrounding the  
31 transaction suggest or indicate that the right to use terminates on the  
32 occurrence of a condition subsequent.

33 (9) The term also includes the charge made for providing tangible  
34 personal property along with an operator for a fixed or indeterminate  
35 period of time. A consideration of this is that the operator is  
36 necessary for the tangible personal property to perform as designed.  
37 For the purpose of this subsection (9), an operator must do more than  
38 maintain, inspect, or set up the tangible personal property.



1 (10) The term does not include the sale of or charge made for labor  
2 and services rendered in respect to the building, repairing, or  
3 improving of any street, place, road, highway, easement, right-of-way,  
4 mass public transportation terminal or parking facility, bridge,  
5 tunnel, or trestle which is owned by a municipal corporation or  
6 political subdivision of the state or by the United States and which is  
7 used or to be used primarily for foot or vehicular traffic including  
8 mass transportation vehicles of any kind.

9 (11) The term also does not include sales of chemical sprays or  
10 washes to persons for the purpose of postharvest treatment of fruit for  
11 the prevention of scald, fungus, mold, or decay, nor does it include  
12 sales of feed, seed, seedlings, fertilizer, agents for enhanced  
13 pollination including insects such as bees, and spray materials to:  
14 (a) Persons who participate in the federal conservation reserve  
15 program, the environmental quality incentives program, the wetlands  
16 reserve program, and the wildlife habitat incentives program, or their  
17 successors administered by the United States department of agriculture;  
18 (b) farmers for the purpose of producing for sale any agricultural  
19 product; (c) farmers for the purpose of providing bee pollination  
20 services; and ~~((+e))~~ (d) farmers acting under cooperative habitat  
21 development or access contracts with an organization exempt from  
22 federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal  
23 internal revenue code or the Washington state department of fish and  
24 wildlife to produce or improve wildlife habitat on land that the farmer  
25 owns or leases.

26 (12) The term does not include the sale of or charge made for labor  
27 and services rendered in respect to the constructing, repairing,  
28 decorating, or improving of new or existing buildings or other  
29 structures under, upon, or above real property of or for the United  
30 States, any instrumentality thereof, or a county or city housing  
31 authority created pursuant to chapter 35.82 RCW, including the  
32 installing, or attaching of any article of tangible personal property  
33 therein or thereto, whether or not such personal property becomes a  
34 part of the realty by virtue of installation. Nor does the term  
35 include the sale of services or charges made for the clearing of land  
36 and the moving of earth of or for the United States, any  
37 instrumentality thereof, or a county or city housing authority. Nor  
38 does the term include the sale of services or charges made for cleaning

1 up for the United States, or its instrumentalities, radioactive waste  
2 and other by-products of weapons production and nuclear research and  
3 development.

4 (13) The term does not include the sale of or charge made for  
5 labor, services, or tangible personal property pursuant to agreements  
6 providing maintenance services for bus, rail, or rail fixed guideway  
7 equipment when a regional transit authority is the recipient of the  
8 labor, services, or tangible personal property, and a transit agency,  
9 as defined in RCW 81.104.015, performs the labor or services.

10 (14) The term does not include the sale for resale of any service  
11 described in this section if the sale would otherwise constitute a  
12 "sale at retail" and "retail sale" under this section.

13 **Sec. 5.** RCW 82.08.855 and 2007 c 332 s 1 are each amended to read  
14 as follows:

15 (1) The tax levied by RCW 82.08.020 does not apply to the sale to  
16 an eligible farmer of:

17 (a) Replacement parts for qualifying farm machinery and equipment;

18 (b) Labor and services rendered in respect to the installing of  
19 replacement parts; and

20 (c) Labor and services rendered in respect to the repairing of  
21 qualifying farm machinery and equipment, provided that during the  
22 course of repairing no tangible personal property is installed,  
23 incorporated, or placed in, or becomes an ingredient or component of,  
24 the qualifying farm machinery and equipment other than replacement  
25 parts.

26 (2)(a) Notwithstanding anything to the contrary in this chapter, if  
27 a single transaction involves services that are not exempt under this  
28 section and services that would be exempt under this section if  
29 provided separately, the exemptions provided in subsection (1)(b) and  
30 (c) of this section apply if: (i) The seller makes a separately  
31 itemized charge for labor and services described in subsection (1)(b)  
32 or (c) of this section; and (ii) the separately itemized charge does  
33 not exceed the seller's usual and customary charge for such services.

34 (b) If the requirements in (a)(i) and (ii) of this subsection (2)  
35 are met, the exemption provided in subsection (1)(b) or (c) of this  
36 section applies to the separately itemized charge for labor and  
37 services described in subsection (1)(b) or (c) of this section.

1 (3)(a) A person claiming an exemption under this section must keep  
2 records necessary for the department to verify eligibility under this  
3 section. An exemption is available only when the buyer provides the  
4 seller with an exemption certificate issued by the department  
5 containing such information as the department requires. The exemption  
6 certificate (~~shall~~) must be in a form and manner prescribed by the  
7 department. The seller (~~shall~~) must retain a copy of the certificate  
8 for the seller's files.

9 (b) The department (~~shall~~) must provide an exemption certificate  
10 to an eligible farmer or renew an exemption certificate, upon  
11 application by that eligible farmer. The application must be in a form  
12 and manner prescribed by the department and (~~shall~~) must contain the  
13 following information as required by the department:

14 (i) The name and address of the applicant;

15 (ii) The uniform business identifier or tax reporting account  
16 number of the applicant, if the applicant is required to be registered  
17 with the department;

18 (iii) The type of farming engaged in;

19 (iv) Either a copy of the applicant's information as provided in  
20 (b)(iv)(A) of this subsection or a declaration as provided in  
21 (b)(iv)(B) of this subsection, as elected by the applicant:

22 (A) A copy of the applicant's Schedule F of Form 1040, Form 1120,  
23 or other applicable form filed with the internal revenue service  
24 indicating the applicant's gross sales or harvested value of  
25 agricultural products or gross sales of bee pollination services for  
26 the tax year covered by the return. If the applicant has not filed a  
27 federal income tax return for the prior tax year or is not required to  
28 file a federal income tax return, the applicant (~~shall~~) must provide  
29 copies of other documents establishing the amount of the applicant's  
30 gross sales or harvested value of agricultural products or gross sales  
31 of bee pollination services for the tax year immediately preceding the  
32 year in which an application for exemption under this section is  
33 submitted to the department;

34 (B) A declaration signed under penalty of perjury as provided in  
35 RCW 9A.72.085 that the applicant is an eligible farmer as defined in  
36 subsection (4)(b) of this section. Any person who knowingly makes a  
37 materially false statement on an application submitted to the  
38 department under the provisions of this section (~~shall be~~) is guilty

1 of perjury in the second degree under chapter 9A.72 RCW. In addition,  
2 the person is liable for payment of any taxes for which an exemption  
3 under this section was claimed, with interest at the rate provided for  
4 delinquent taxes, retroactively to the date the exemption was claimed,  
5 and penalties as provided under chapter 82.32 RCW;

6 (v) The name of the individual authorized to sign the certificate,  
7 printed in a legible fashion;

8 (vi) The signature of the authorized individual; and

9 (vii) Other information the department may require to verify the  
10 applicant's eligibility for the exemption.

11 (c)(i) Except as otherwise provided in this section, exemption  
12 certificates take effect on the date issued by the department are not  
13 transferable and are valid for the remainder of the calendar year in  
14 which the certificate is issued and the following four calendar years.  
15 The department (~~shall~~) must attempt to notify holders of exemption  
16 certificates of the impending expiration of the certificate at least  
17 sixty days before the certificate expires and (~~shall~~) must provide an  
18 application for renewal of the certificate.

19 (ii) When a certificate holder merely changes identity or form of  
20 ownership of an entity and there is no change in beneficial ownership,  
21 the exemption certificate (~~shall~~) must be transferred to the new  
22 entity upon written notice to the department by the transferor or  
23 transferee.

24 (d)(i) A person who is an eligible farmer as defined in subsection  
25 (4)(b)(iii) of this section (~~shall~~) must be issued a conditional  
26 exemption certificate. The exemption certificate is conditioned upon:

27 (A) The eligible farmer having gross sales or a harvested value of  
28 agricultural products grown, raised, or produced by that person or  
29 gross sales of bee pollination services of at least ten thousand  
30 dollars in the first full tax year in which the person engages in  
31 business as a farmer; or

32 (B) The eligible farmer, during the first full tax year in which  
33 that person engages in business as a farmer, growing, raising, or  
34 producing agricultural products having an estimated value at any time  
35 during that year of at least ten thousand dollars, if the person will  
36 not sell or harvest an agricultural product during the first full tax  
37 year in which the person engages in business as a farmer.

1 (ii) If a person fails to meet the condition provided in (d)(i)(A)  
2 or (B) of this subsection, the department (~~shall~~) must revoke the  
3 exemption certificate. The department shall notify the person in  
4 writing of the revocation and the person's responsibility, and due  
5 date, for payment of any taxes for which an exemption under this  
6 section was claimed. Any taxes for which an exemption under this  
7 section was claimed (~~shall be~~) are due and payable within thirty days  
8 of the date of the notice revoking the certificate. The department  
9 (~~shall~~) must assess interest on the taxes for which the exemption was  
10 claimed. Interest (~~shall~~) must be assessed at the rate provided for  
11 delinquent excise taxes under chapter 82.32 RCW, retroactively to the  
12 date the exemption was claimed, and (~~shall~~) accrues until the taxes  
13 for which the exemption was claimed are paid. Penalties (~~shall~~) may  
14 not be imposed on any tax required to be paid under this subsection  
15 (3)(d)(ii) if full payment is received by the due date. Nothing in  
16 this subsection (3)(d) prohibits a person from reapplying for an  
17 exemption certificate.

18 (4) The definitions in this subsection apply to this section.

19 (a) "Agricultural products" has the meaning provided in RCW  
20 82.04.213.

21 (b) "Eligible farmer" means:

22 (i) A farmer as defined in RCW 82.04.213 whose gross sales or  
23 harvested value of agricultural products grown, raised, or produced by  
24 that person or gross sales of bee pollination services is at least ten  
25 thousand dollars for the tax year immediately preceding the year in  
26 which an application for exemption under this section is submitted to  
27 the department;

28 (ii) The transferee of an exemption certificate under subsection  
29 (3)(c)(ii) of this section where the transferred certificate expires  
30 before the transferee engages in farming operations for a full tax  
31 year, if the combined gross sales or harvested value of agricultural  
32 products or gross sales of bee pollination services that the transferor  
33 and transferee have grown, raised, (~~or~~) produced, or provided meet  
34 the requirements of (b)(i) of this subsection;

35 (iii) A farmer as defined in RCW 82.04.213, who does not meet the  
36 definition of "eligible farmer" in (b)(i) or (ii) of this subsection,  
37 and who did not engage in farming for the entire tax year immediately

1 preceding the year in which application for exemption under this  
2 section is submitted to the department, because the farmer is either  
3 new to farming or newly returned to farming; or

4 (iv) Anyone who otherwise meets the definition of "eligible farmer"  
5 in this subsection except that they are not a "person" as defined in  
6 RCW 82.04.030.

7 (c) "Farm vehicle" has the same meaning as in RCW 46.04.181.

8 (d) "Harvested value" means the number of units of the agricultural  
9 product that were grown, raised, or produced, multiplied by the average  
10 sales price of the agricultural product. For purposes of this  
11 subsection (4)(d), "average sales price" means the average price per  
12 unit of agricultural product received by farmers in this state as  
13 reported by the United States department of agriculture's national  
14 agricultural statistics service for the twelve-month period that  
15 coincides with, or that ends closest to, the end of the relevant tax  
16 year, regardless of whether the prices are subject to revision. If the  
17 price per unit of an agricultural product received by farmers in this  
18 state is not available from the national agricultural statistics  
19 service, average sales price may be determined by using the average  
20 price per unit of agricultural product received by farmers in this  
21 state as reported by a recognized authority for the agricultural  
22 product.

23 (e) "Qualifying farm machinery and equipment" means machinery and  
24 equipment used primarily by an eligible farmer for growing, raising, or  
25 producing agricultural products, providing bee pollination services, or  
26 both. "Qualifying farm machinery and equipment" does not include:

27 (i) Vehicles as defined in RCW 46.04.670, other than farm tractors  
28 as defined in RCW 46.04.180, farm vehicles, and other farm implements.  
29 For purposes of this subsection (4)(e)(i), "farm implement" means  
30 machinery or equipment manufactured, designed, or reconstructed for  
31 agricultural purposes and used primarily by an eligible farmer to grow,  
32 raise, or produce agricultural products, but does not include lawn  
33 tractors and all-terrain vehicles;

34 (ii) Aircraft;

35 (iii) Hand tools and hand-powered tools; and

36 (iv) Property with a useful life of less than one year.

37 (f)(i) "Replacement parts" means those parts that replace an

1 existing part, or which are essential to maintain the working  
2 condition, of a piece of qualifying farm machinery or equipment.

3 (ii) Paint, fuel, oil, hydraulic fluids, antifreeze, and similar  
4 items are not replacement parts except when installed, incorporated, or  
5 placed in qualifying farm machinery and equipment during the course of  
6 installing replacement parts as defined in (f)(i) of this subsection or  
7 making repairs as described in subsection (1)(c) of this section.

8 (g) "Tax year" means the period for which a person files its  
9 federal income tax return, irrespective of whether the period  
10 represents a calendar year, fiscal year, or some other consecutive  
11 twelve-month period. If a person is not required to file a federal  
12 income tax return, "tax year" means a calendar year.

13 NEW SECTION. **Sec. 6.** The following acts or parts of acts are each  
14 repealed:

15 (1) RCW 82.04.629 (Exemptions--Honey bee products) and 2013 2nd  
16 sp.s. c 13 s 306 & 2008 c 314 s 2;

17 (2) RCW 82.04.630 (Exemptions--Bee pollination services) and 2013  
18 2nd sp.s. c 13 s 307 & 2008 c 314 s 3;

19 (3) RCW 82.08.0204 (Exemptions--Honey bees) and 2013 2nd sp.s. c 13  
20 s 308 & 2008 c 314 s 4;

21 (4) RCW 82.12.0204 (Exemptions--Honey bees) and 2013 2nd sp.s. c 13  
22 s 309 & 2008 c 314 s 5;

23 (5) RCW 82.08.200 (Exemptions--Honey beekeepers) and 2013 2nd sp.s.  
24 c 13 s 302;

25 (6) RCW 82.12.200 (Exemptions--Honey beekeepers) and 2013 2nd sp.s.  
26 c 13 s 303; and

27 (7) RCW 43.136.047 (Beekeeper evaluation) and 2013 2nd sp.s. c 13  
28 s 304.

29 NEW SECTION. **Sec. 7.** The legislature intends for the amendments  
30 in this act to be permanent. Therefore, the amendments in this act are  
31 exempt from the ten-year expiration provision in RCW 82.32.805(1)(a).

32 NEW SECTION. **Sec. 8.** This act takes effect July 1, 2014.

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