

SENATE BILL REPORT

SB 6577

As of January 30, 2018

Title: An act relating to creating tax incentives for mushroom farming.

Brief Description: Creating tax incentives for mushroom farming.

Sponsors: Senators Honeyford, Chase, King, Takko, Wellman and Warnick.

Brief History:

Committee Activity: Economic Development & International Trade: 1/30/18.

Brief Summary of Bill

- Provides a retail sales and use tax exemption for mushroom farming facility construction and equipment.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & INTERNATIONAL TRADE

Staff: Alex Fairfortune (786-7416)

Background: Retail sales taxes are imposed on retail sales of most articles of tangible personal property. A retail sale is a sale to the final consumer or end user of the property. If retail sales taxes were not collected when the consumer purchased the property, then the consumer owes use tax on the value of the property. The state sales and use tax rate is 6.5 percent. Most cities and all counties also levy retail sales and use taxes, with rates varying from 0.5 percent to 3.0 percent.

Summary of Bill: A retail sales and use tax exemption is provided for:

- labor and service charges for constructing new mushroom farming buildings and facilities;
- sale of personal property, including construction materials, machinery, and equipment, that will be incorporated into mushroom farming facilities; and
- labor and service charges for installing fixtures in mushroom farming buildings and facilities.

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.

The exemption is available only when a buyer provides a seller with an exemption certificate, as prescribed by the Department of Revenue. No application is necessary to use the tax exemption, but a person using the tax exemption must file an annual tax performance report with the Department of Revenue. The exemption expires January 1, 2029.

Appropriation: None.

Fiscal Note: Requested on January 29, 2018.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: Ostrom's Mushrooms has been operating in Washington for 90 years. The company needs new technology and a new site to remain competitive with British Columbia, which has an exchange rate advantage. This will require a big capital investment. This is an opportunity to bring year-round agricultural jobs to rural Washington and to save the mushroom industry in the state. While there are currently 200 jobs on site, there is an opportunity to expand to 400 jobs in the new location.

Persons Testifying: PRO: Senator Jim Honeyford, Prime Sponsor; Eric Johnson, Executive Director, Washington Public Ports Association; David Kundsén, CEO, Ostrom's Mushroom Farms; Brian Enslow, Ostrom's Mushroom Farms.

Persons Signed In To Testify But Not Testifying: No one.