H-2975.2

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SUBSTITUTE HOUSE BILL 1936**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 68th Legislature 2024 Regular Session**

**By** House Finance (originally sponsored by Representatives Shavers, Ramel, and Timmons)

AN ACT Relating to tax incentives for farmers; adding a new section to chapter 82.04 RCW; creating a new section; and providing an expiration date.

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

NEW SECTION. **Sec.**  A new section is added to chapter 82.04 RCW to read as follows:

(1) Beginning January 1, 2025, a credit is allowed against taxes due under this chapter for 25 percent of expenditures made in the previous year by a qualified farmer for the purchase of new equipment, infrastructure, seed, seedlings, spores, animal feed, and amendments.

(2) To qualify for a credit, a farmer must meet at least one of the following criteria:

(a) Is a recipient of grant funds originating directly from the Washington state conservation commission or indirectly receives grant funds through a conservation district or other Washington public entity; or

(b) Is a participant in a Washington state conservation commission or conservation district conservation program.

(3) The credit claimed may not exceed the tax that would otherwise be due under this chapter. Any unused credit not used in the current calendar year may be carried over and claimed against the person's tax liability for the next succeeding calendar year. Any credit remaining unused in the next succeeding calendar year may be carried forward and claimed against the person's tax liability for the second succeeding calendar year; but may not be carried over for any calendar year thereafter. Refunds may not be granted in the place of credits.

(4) An application is not required to claim the credit, but the claimant must keep records necessary for the department to determine eligibility for the credit under this section including documentation of grant funds received and verification of program participation.

(5) The department may adopt rules necessary to implement this section.

(6) For the purposes of this section, "farmer" has the same meaning as in RCW 82.04.213.

(7) This section expires January 1, 2035.

NEW SECTION. **Sec.**  This section is the tax preference performance statement for the tax preference contained in section 1, chapter . . ., Laws of 2024 (section 1 of this act). This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this tax preference as one intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(2) It is the legislature's specific public policy objective to provide a tax incentive for farmers in order to attract more farmers to participate in conservation programs in Washington.

(3) If a review finds increased farmer participation in conservation programs in Washington after the effective date of this section, then the legislature intends to extend the expiration date of the tax preference.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the joint legislative audit and review committee may refer to any data collected by the state.

**--- END ---**