

FINAL BILL REPORT

SHB 2929

C 235 L 04

Synopsis as Enacted

Brief Description: Providing temporary tax relief for Washington beef processors.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Schoesler, Grant, Chandler, Linville, Delvin, Cairnes, Sump, Mastin, Newhouse, Morris, Holmquist, Ericksen, McDonald, Clements, Conway, Condotta, Hinkle, Skinner, Armstrong, Kristiansen, Hatfield, Kirby, Sullivan, Pearson, Shabro and Hankins).

House Committee on Finance

Senate Committee on Agriculture

Senate Committee on Ways & Means

Background:

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. The tax is imposed on the gross receipts from all business activities conducted within the state. Although there are several different rates, the most common rates are 0.471 percent for retailing, 0.484 percent for wholesaling, and 1.5 percent for service activity. Businesses that are involved in more than one kind of business activity are required to segregate their income and report under the appropriate tax classification based on the nature of the specific activity.

The slaughtering, breaking, processing, and wholesaling of perishable meat products is taxable at a rate of 0.138 percent when the product is sold at wholesale only and not at retail.

On December 23, 2003, a Washington cow that had been imported from Canada tested positive for Bovine Spongiform Encephalopathy (BSE). On December 24, 2003, Japan, Mexico, the Republic of Korea, and many other nations banned imports of U.S. beef. For the first 11 months of 2003, Japan, Mexico, and the Republic of Korea imported nearly 2 billion pounds of beef from the U.S. These three countries represent over 80 percent of U.S. beef exports.

Summary:

A B&O tax deduction is allowed for the slaughtering, breaking, processing, and wholesaling of perishable beef products for firms that slaughter cattle. The deduction is available until Japan, Mexico, and the Republic of Korea lift import bans on beef and beef products from the United States.

Votes on Final Passage:

House 96 0

Senate 40 9 (Senate amended)
House 79 17 (House concurred)

Effective: March 31, 2004