

HOUSE BILL REPORT

HB 1549

As Passed House:

March 12, 2007

Title: An act relating to exempting wholesale sales of unprocessed milk for processing from business and occupation tax.

Brief Description: Exempting wholesale sales of bulk unprocessed milk from the business and occupation tax.

Sponsors: By Representatives Linville, Kristiansen, Ericksen, McCune and Dunn.

Brief History:

Committee Activity:

Finance: 3/5/07 [DP].

Floor Activity:

Passed House: 3/12/07, 98-0.

Brief Summary of Bill

- Exempts wholesale sales of unprocessed milk from the state business and occupation tax.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Staff: Rick Peterson (786-7150).

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. Revenues are deposited in the State General Fund. A business may have more than one B&O tax rate, depending on the types of activities conducted. There are a number of different rates. The main rates are: 0.471 percent for

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retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for professional and personal services, and activities not classified elsewhere.

Summary of Bill:

Wholesale sales of unprocessed milk are exempted from the state B&O tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Dairygold is a farmer cooperative and sells milk as an agent for the farmers. The Co-op is a nonprofit so the money goes back to the members of the Co-op. The bill makes tax policy consistent with the wholesaling of other products, such as wheat, oats, dry peas, and triticale.

(Opposed) None.

Persons Testifying: Dan Coyne, Northwest Dairy Association.

Persons Signed In To Testify But Not Testifying: None.