

HOUSE BILL REPORT

2SSB 6468

As Passed House - Amended:

March 6, 2008

Title: An act relating to the taxation of honey beekeepers.

Brief Description: Concerning the taxation of honey beekeepers.

Sponsors: By Senate Committee on Ways & Means (originally sponsored by Senators King, Rasmussen, Roach, Hobbs, Honeyford, Hewitt and Sheldon).

Brief History:

Committee Activity:

Finance: 3/3/08 [DPA].

Floor Activity:

Passed House - Amended: 3/6/08, 93-0.

Brief Summary of Second Substitute Bill (As Amended by House)

- Concerning the taxation of honey beekeepers.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. 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: Don Taylor (786-7388).

Background:

Farmers who sell agricultural products at wholesale are exempt from the business and occupation (B&O) tax. Agricultural products include any product of plant cultivation or animal husbandry including a product of horticulture, grain cultivating, vermiculture (worms), viticulture (grapes), or private culture aquatic products, or a bird, or insect, or the substances obtained from such an animal.

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.

A farmer is defined as a person engaged in the business of growing, raising, or producing, upon his own land or land which a person has a present right of possession (rented land). Hives are often rented to provide pollination service for crops on lands owned or rented by others.

Businesses with activities subject to the B&O tax but generate less than \$12,000 per year in gross income are not required to register with the Department of Revenue. Honey and bee products produced on an apiarist's own farm are not subject to the B&O tax. However, income from the sale of honey, pollination services, and bee products produced off the apiarist's own farm that exceeds the \$12,000 annual threshold is required to be reported to the Department of Revenue and is subject to the B&O tax.

Summary of Amended Bill:

A new exemption from state B&O tax is provided for income derived from wholesale sales of honey bee products by eligible apiarists. To qualify, an apiarist must be registered with the Department of Agriculture pursuant to Chapter 15.60 RCW and must maintain one or more bee colonies consisting of at least 7,000 worker bees and one or more queen bees. The exemption pertains to sales of honey, as well as queen bees, packaged honey bees, pollen, bees wax, and other substances derived from honey bees.

Another new B&O tax exemption is established for eligible apiarists for income derived from providing pollination services for farmers.

New exemptions from retail sales and use tax are enacted for the purchase of honey bees by eligible apiarists.

The exemptions in the bill take effect on July 1, 2008 and expire on July 1, 2013.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect on July 1, 2008.

Staff Summary of Public Testimony:

None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.