

SENATE BILL REPORT

SB 5761

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, February 15, 2007

Title: An act relating to the taxation of vegetation management services using goats or sheep.

Brief Description: Providing for the taxation of vegetation management services using goats or sheep.

Sponsors: Senators Rasmussen, Morton and Schoesler.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 2/12/07, 2/15/07 [DP-WM].

Ways & Means: 2/21/07.

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Rasmussen, Chair; Hatfield, Vice Chair; Schoesler, Ranking Minority Member; Morton and Shin.

Staff: Sam Thompson (786-7413)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: The Department of Revenue treats businesses that provide sheep and goats for vegetation management as landscape maintenance service providers that must collect retail sales tax from their customers on their fees. These businesses are, in addition, subject to business and occupation (B&O) taxation at a .00471 rate on gross income applied under a retailing classification.

However, when these businesses provide these services to farmers for agricultural purposes, they are exempted from collecting sales tax and subject to B&O taxation at a .015 rate on gross income applied under a "service and other activities" classification.

Summary of Bill: Businesses performing vegetation management services with sheep and goats are exempted from collecting sales tax and subject to B&O taxation at a .002904 rate on gross income. "Vegetation management service" is defined as a goat or sheep owner

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providing the animals for compensation for clearing or controlling vegetation on another person's land.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Agriculture & Rural Economic Development):

PRO: These businesses, some of which are just becoming established, provide useful services, particularly when herbicides or mechanical methods are not feasible.

Persons Testifying (Agriculture & Rural Economic Development): PRO: Senator Morton, Senator Schoesler, co-sponsors.

Staff Summary of Public Testimony (Ways & Means): PRO: These businesses provide useful services and do not require chemicals to do abatement of invasive plant species. We should encourage them by providing them with a reduced B&O rate. The fiscal note now shows a more reasonable impact.

Persons Testifying (Ways & Means): PRO: Senator Rasmussen, prime sponsor; Senator Mark Schoesler, co-sponsor