

HOUSE BILL REPORT

SB 6244

As Reported by House Committee On:
Finance

Title: An act relating to extending an existing hazardous substance tax exemption for certain agricultural crop protection products that are temporarily warehoused but not otherwise used, manufactured, packaged, or sold in the state of Washington.

Brief Description: Extending an existing hazardous substance tax exemption for certain agricultural crop protection products that are temporarily warehoused but not otherwise used, manufactured, packaged, or sold in the state of Washington.

Sponsors: Senators Torres and Dozier.

Brief History:

Committee Activity:

Finance: 2/26/26, 3/2/26 [DP].

Brief Summary of Bill

- Extends the hazardous substance tax exemption for agricultural crop protection products until January 1, 2038.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 12 members: Representatives Berg, Chair; Street, Vice Chair; Orcutt, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Abell, Chase, Penner, Santos, Springer, Walen, Wylie and Zahn.

Minority Report: Without recommendation. Signed by 3 members: Representatives Mena, Ramel and Scott.

Staff: Kristina King (786-7190).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

Hazardous Substance Tax.

The hazardous substance tax (HST) is a tax on the first possession of hazardous substances in Washington. The HST applies to petroleum products, certain pesticides, and certain chemicals and is generally imposed on a per-barrel basis. For fiscal year 2026, the tax rate on petroleum products is \$1.48 per barrel. Non-petroleum products, including insecticides and pesticides, as well as petroleum products that are not easily measured, are subject to a rate of 0.7 percent multiplied by the wholesale value of the products. Any subsequent possession of a product is exempt from the HST after a Washington possessor has paid the tax.

Hazardous Substance Tax Exemption for Agricultural Crop Protection Products.

There is an exemption from the HST for businesses that store agricultural crop protection products (insecticides and pesticides) that are later sold out of state. Eligible insecticides and pesticides are:

- chemicals used to prevent or control diseases, weeds, or other pests;
- either warehoused in Washington or transported to or from Washington; and
- not manufactured, packaged, sold, or used in Washington.

The exemption expires January 1, 2028.

Tax Preference Performance Statement.

Tax preferences confer reduced tax liability upon a designated class of taxpayers. These include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. There are over 700 tax preferences. Legislation that establishes or expands a tax preference must include a tax preference performance statement (TPPS) that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after 10 years unless an alternative expiration date is provided.

Summary of Bill:

The expiration date of the HST exemption for agricultural crop protection products is extended to January 1, 2038.

A TPPS, 10-year expiration, and JLARC review are included with a TPPS policy objective to incentivize businesses to store agricultural pesticides in Washington as the products are engaged in interstate commerce.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is based on a JLARC recommendation to extend the hazardous substance tax exemption for pesticide warehousing. Pesticide warehousing allows farmers to have immediate access to pesticides and insecticides, reduces the amount of these chemicals needed to be stored on an individual farmer's land, and reduces the amount of pesticide and insecticide products applied to agricultural crops. This bill also makes it economically feasible to stage these products for distribution to other states.

(Opposed) None.

Persons Testifying: Senator Nikki Torres, prime sponsor; and Matthew Ewers, Self—IEDS Logistics.

Persons Signed In To Testify But Not Testifying: None.