

SENATE BILL REPORT

SB 6244

As Passed Senate, February 16, 2026

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: Ways & Means: 1/26/26, 2/09/26 [DP, w/oRec].

Floor Activity: Passed Senate: 2/16/26, 48-1.

Brief Summary of Bill

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

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Gildon, Ranking Member, Operating; Torres, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Dozier, Assistant Ranking Member, Capital; Braun, Cleveland, Conway, Dhingra, Hansen, Kauffman, Muzzall, Pedersen, Riccelli, Saldaña, Wagoner, Warnick, Wellman and Wilson, C..

Minority Report: That it be referred without recommendation.

Signed by Senator Hasegawa.

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.

Staff: Tianyi Lan (786-7432)

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. The tax 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 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 HST after a Washington possessor has paid the tax.

Hazardous Substance Tax Exemption for Agricultural Crop Protection Products. The 2015 Legislature enacted an exemption for agricultural crop protection products (pesticides) from HST. Eligible 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 2024 Legislature extended the expiration date of the exemption to January 1, 2028.

Tax Preference Performance Statement. State law provides a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. 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 ten years unless an alternative expiration date is provided or the tax preference is exempted from expiration.

In its 2025 review, JLARC found that the preferences provided improve industry competitiveness by providing tax relief to Washington businesses that store or transport pesticides sold out of state. JLARC recommended the Legislature to extend the preference and to either consider new metrics to evaluate the preference or recategorize the preference as one intended to provide tax relief.

Summary of Bill: The HST exemption for pesticides sold out of state is extended until January 1, 2038. The TPPS, including the metrics for the JLARC review, from the 2015 legislation is also extended.

Appropriation: None.

Fiscal Note: Requested on January 20, 2026.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: The tax preference puts Washington agriculture on equal competitiveness with Oregon and Idaho for storing much needed crop protection pesticides and fertilizers in Washington state instead of outside of the state in Idaho and Oregon. If there was a pest infestation in the state, farmers would need those products immediately instead of waiting a week for them to be transited from somewhere else. It provides security for farmers who now know that those pesticides and fertilizers are right there in the warehouse within the state.

The ten year extension, compared with a shorter extension, will allow people to invest to build the warehouse, which creates jobs in the rural area.

This bill makes it economically feasible to stage projects in Washington State for regional distribution in the Pacific Northwest. It maintains the safety of the products by storing it specifically engineered facilities until needed by farmers. It increases the speed to farm for farmers and reduces the amount of product applied in the field. It eliminates necessity for farms to purchase product out of state and store them in barns or sheds.

Persons Testifying: PRO: Ben Buchholz, Far West Agribusiness Association, NW Agricultural Cooperative Council, WA Friends, NW Grain Growers; Mark Streuli, WA Wheat Growers Assoc., WA Potato and Onion Assoc.; Matthew Ewers, Private Testimony - IEDS Logistics.

Persons Signed In To Testify But Not Testifying: No one.