H-3003.1

HOUSE BILL 2584

State of Washington 69th Legislature 2026 Regular Session

By Representatives Dent, Dye, Dufault, and Shavers

Read first time 01/20/26. Referred to Committee on Finance.

AN ACT Relating to a sales and use tax exemption for qualifying farm machinery and equipment; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; creating new sections; providing an effective date; and providing expiration dates.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** (1) The legislature finds that agriculture is a vital component of society and that United States agriculture has many problems that are increasing in severity. The legislature further finds that the country is relying on fewer and larger farms that are hundreds of miles away from many population centers and that the COVID-19 pandemic demonstrated how that can be dangerous, unsecure, and result in higher prices and empty shelves. The legislature further finds that the United States department of agriculture's national agricultural statistics indicates that the number of United States farms has been in steady decline for several decades with farmland consolidation into a smaller number of very large farms.

(2) The legislature intends to increase the competitiveness and financial stability of small and medium-sized agricultural producers located in the state of Washington that have an annual gross income

of less than $2,000,000 by providing these agricultural producers a sales and use tax exemption that will reduce the cost of farm equipment valued above $10,000 used directly for crop production.

NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW to read as follows:

(1) Subject to the conditions and requirements in this section, the tax levied by RCW 82.08.020 does not apply to the sale of qualifying farm equipment to an eligible farmer.

(2) The exemption authorized under this section is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. A buyer claiming an exemption under this section must keep records necessary for the department to verify eligibility under this section. Instead of an exemption certificate, a seller may capture the relevant data elements as allowed under the streamlined sales and use tax agreement. The seller must retain a copy of the certificate or the data elements for the seller's files.

(3) To qualify for the exemption under this section and section 3 of this act, the qualifying farm equipment must have been acquired by the eligible farmer at a sales price of $10,000 or more.

(4) To qualify for the exemption under this section and section 3 of this act, either the gross sales or harvested value, or both, of agricultural products and bee pollination services of the eligible farmer in combination with all affiliates of the eligible farmer may not exceed the farm income threshold.

(5) An eligible farmer may not claim the exemption under this section and section 3 of this act more than once, in total, each calendar year.

(6) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Affiliate" has the same meaning as provided in RCW 82.04.299.

(b) "Agricultural products" and "farmer" have the same meanings as provided in RCW 82.04.213.

(c) "Eligible farmer," "harvested value," "qualifying farm machinery and equipment," and "tax year" have the same meanings as provided in RCW 82.08.855.

(d) "Farm equipment" includes, but is not limited to, tractors, trailers, combines, tillage implements, balers, and other equipment,

including attachments and accessories that are used in the planting, cultivating, irrigation, harvesting, and marketing of agricultural, horticultural, or livestock products, but does not include motor vehicles designed or intended for use upon public roadways as defined in RCW 46.70.011 or motorcycles.

(e)(i) "Farm income threshold" means $2,000,000 in either gross sales or harvested value, or both, of agricultural products and bee pollination services in the preceding tax year.

(ii) By December 2031, the department must adjust the farm income threshold by one plus the percentage by which the most current consumer price index available on December 1, 2031, exceeds the consumer price index for the prior 60-month period, and rounding the result to the nearest $1,000. The department must publish the adjusted farm income threshold on its public website by December 31st. The adjusted farm income threshold calculated under this subsection (6)(e)(ii) applies to purchases made on or after January 1, 2032.

(7) This section expires October 1, 2036.

NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW to read as follows:

(1) The tax levied by RCW 82.12.020 does not apply to the use of qualifying farm equipment by an eligible farmer.

(2) The conditions, requirements, and definitions in section 2 of this act apply to this section.

(3) This section expires October 1, 2036.

NEW SECTION. **Sec. 4.** (1) This section is the tax preference performance statement for the tax preferences contained in sections 2 and 3, chapter . . ., Laws of 2026 (sections 2 and 3 of this act). This performance statement is only intended to be used for subsequent evaluation of the tax preferences. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes the tax preferences in sections 2 and 3 of this act as one intended to provide tax relief for certain businesses or individuals, as indicated in RCW 82.32.808(2)(e).

(3) By January 1, 2035, the joint legislative audit and review committee must evaluate, at a minimum:

(a) The fiscal impact of the exemptions created in sections 2 and 3 of this act; and

(b) Changes in the number of small and medium-sized agricultural producers located in the state of Washington.

(4) In order to obtain the data necessary to perform the review, the joint legislative audit and review committee may refer to the census of agriculture published by the national agricultural statistics service within the United States department of agriculture and fiscal estimates provided by the department of revenue.

NEW SECTION. **Sec. 5.** This act applies to sales or uses that occur on or after October 1, 2026.

NEW SECTION. **Sec. 6.** This act takes effect October 1, 2026.

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