

FINAL BILL REPORT

SHB 2119

C 115 L 96

Synopsis as Enacted

Brief Description: Providing for the excise taxation of preserved fruit and vegetables.

Sponsors: By House Committee on Agriculture & Ecology (originally sponsored by Representatives Honeyford, Lisk, Morris, Chandler, Mastin, Grant, Delvin, Clements, Basich, Mulliken, Skinner, Kremen, Koster, Boldt, Goldsmith, McMorris, Johnson, Hymes, Thompson, Foreman, Hankins, Sheldon, Schoesler, Campbell, L. Thomas, Sheahan and Stevens).

House Committee on Agriculture & Ecology

Senate Committee on Agriculture & Agricultural Trade & Development

Senate Ways & Means

Background: The primary business and occupation (B&O) tax rate on manufacturing and on wholesale sales is 0.484 percent. For manufacturing, the rate is applied to the value of the products manufactured. For wholesale sales, the rate is applied to the gross proceeds of the sales.

There are a number of statutory exceptions to the primary rate. The B&O tax rate for persons engaged in manufacturing by canning, preserving, freezing, or dehydrating fresh fruits and vegetables is established at 0.33 percent. A person who sells these same products at wholesale to a purchaser who transports the products outside the state, however, is not taxed at this lower rate.

Summary: The B&O tax rate for persons selling at wholesale fresh fruits and vegetables that are canned, preserved, frozen, or dehydrated by the seller and sold to purchasers who transport the products out-of-state in the ordinary course of business is reduced to 0.33 percent.

The seller must provide a statement annually as proof of sale to a person who transfers the products out-of-state and must retain the statement as a business record.

Votes on Final Passage:

House	95	0
Senate	49	0

Effective: July 1, 1996