

HOUSE BILL REPORT

HB 2479

As Reported By House Committee On:

Agriculture & Ecology

Title: An act relating to tax rate modifications for animal health products.

Brief Description: Reducing the tax on health products for animals.

Sponsors: Representatives Schoesler, Sump, Sheahan, Honeyford, Clements, Chandler, Mulliken, McMorris and Cooke.

Brief History:

Committee Activity:

Agriculture & Ecology: 1/28/98, 2/2/98 [DPS].

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Chandler, Chairman; Parlette, Vice Chairman; Schoesler, Vice Chairman; Linville, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; Cooper; Delvin; Koster; Mastin and Regala.

Staff: Kenneth Hirst (786-7105).

Background: Sales of feed, seed, seedlings, fertilizer, pollination agents, and spray materials are exempt from retail sales and use taxation when they are sold to: farmers for the purpose of producing an agricultural product for sale; or to persons who are participating in the federal Conservation Reserve Program or certain habitat programs.

Summary of Substitute Bill: An exemption from retail sales and use taxation is provided for sales of substances used to optimize animal production, vaccinations, antibiotics, parasite treatment compounds, federally approved animal pharmaceuticals, and other health products for animals. The exemption is provided for the sale of these products to: farmers for the purpose of producing an agricultural product for sale; or to persons who are participating in the federal Conservation Reserve Program or certain habitat programs.

Substitute Bill Compared to Original Bill: Sales of animal pharmaceuticals are added by the substitute bill to the list of substances exempted by the original bill from retail sales and use taxation.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect on July 1, 1998.

Testimony For: (1) The bill will promote good animal husbandry by making animal health products more affordable. (2) Current practices have reduced the sale of these products through local feed stores because catalog companies offer the same products for sale without tax and no one pays the tax. The bill will refocus this trade locally. (3) Antibiotics are used by aquatic farmers when their use is required by trading partners in international trade agreements. The bill will reduce their cost. (4) The bill corrects an oversight in the legislation that removed these taxes from sales of in-puts– to farmers. Currently, even sterile water is taxed. (5) Currently, sales of prescription drugs for humans and sales of products to combat plant diseases are exempted from this taxation; the bill provides the same for animal health products.

Testimony Against: None.

Testified: Terry Hunt, Washington State Grange; Jim Zimmerman, Trout Lodge, Inc.; Robert Dickey, and Karla Fullerton, Washington Cattlemen's Association; Greg Hanon, Washington Veterinary Medical Association; Mike Schwisow, Washington Cattle Feeders; Bill Garvin, Washington State Farm Bureau; and Chris Cheney, Washington State Dairy Federation.