

SENATE BILL REPORT

E2SHB 1328

As Reported By Senate Committee On:
Ways & Means, March 10 1998

Title: An act relating to business and occupation tax on the handling of hay, alfalfa, and seed.

Brief Description: Revising the business and occupation tax on the handling of hay, alfalfa, and seed.

Sponsors: House Committee on Finance (originally sponsored by Representatives Schoesler, Chandler, Sheahan, Mulliken, Bush, McMorris and Mastin; by request of Department of Revenue).

Brief History:

Committee Activity: Ways & Means: 3/10/98 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Hochstatter, Kohl, Long, Loveland, McDonald, Roach, Rossi, Schow, B. Sheldon, Swecker, Thibaudeau, Winsley and Zarelli.

Staff: David Schumacher (786-7474)

Background: The business and occupation tax (B&O) is levied for the privilege of doing business in Washington. The tax is levied on the gross receipts of all business activities (except utility activities) conducted within the state.

Although there are several different rates, beginning July 1, 1998 the principal rates will be as follows:

Manufacturing/wholesaling	0.484%
Retailing	0.471%
Services	1.5%

The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Thus, the tax pyramids at each level of activity.

There are a number of exceptions to the primary tax rates. The B&O tax rate for wholesale sales of wheat, oats, dry peas, dry beans, lentils, triticale, corn, rye and barley is established at the rate of 0.011 percent.

This lower rate does not apply to wholesale sales of seed conditioned for use for planting or for sale at wholesale.

Summary of Bill: The B&O tax rate for persons engaged in the business of making sales at wholesale of seeds conditioned for use in planting (and not packaged for retail sale) is 0.011 percent.

If HB 2335 passes, this bill completely exempts the sales at wholesale of these seeds.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: None.

Testimony Against: None.

Testified: No one.