

5175-S

Sponsor(s): Senate Committee on Agriculture & Environment
(originally sponsored by Senators Morton, Rasmussen, Hochstatter,
Goings and Roach; by request of Department of Revenue)

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

SB 5175-S - DIGEST

(DIGEST AS ENACTED)

Provides that cubing of hay or alfalfa is a processing activity, not a manufacturing activity for tax purposes, wherever it is performed.

VETO MESSAGE ON SB 5175-S

May 15, 1997

To the Honorable President and Members,
The Senate of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval as to section 2, Substitute Senate Bill No. 5175 entitled:

"AN ACT Relating to business and occupation tax on the handling of hay, alfalfa, and seed;"

Substitute Senate Bill No. 5175 provides that cubing of hay or alfalfa is a processing activity not a manufacturing activity for tax purposes, wherever it is performed. The bill also lowers the business and occupations (B&O) tax rate to 0.11% for hay and alfalfa cubing and seed conditioning.

I have vetoed section 2 which pertains to the B&O tax rate reductions for the sales of a broad variety of conditioned seeds, not for commercial use and for the in-state sales of cubed hay and alfalfa. I support the lower tax rate on conditioned seeds for agricultural use but not the expanded uses found in section 2. I also support the tax reduction for cubed hay and alfalfa sold outside our state. By vetoing section 2, I have returned the bill to the original intent of the Department of Revenue request legislation.

For these reasons, I have vetoed section 2 of Substitute Senate Bill No. 5175.

With the exception of section 2, Substitute Senate Bill No. 5175 is approved.

Respectfully submitted,
Gary Locke
Governor