

# HOUSE BILL REPORT

## HB 1130

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**As Reported By House Committee On:**  
Agriculture & Ecology

**Title:** An act relating to the taxation of grain warehouse companies.

**Brief Description:** Taxing grain warehouse companies.

**Sponsors:** Representatives Schoesler, Grant, Mastin, Clements, McMorris, Kessler, Buck, G. Chandler, Hankins, Delvin, Koster, Sump, Mielke, Cairnes, Boldt, B. Chandler, Dunn and Mulliken.

**Brief History:**

**Committee Activity:**

Agriculture & Ecology: 1/26/99, 2/2/99 [DP].

**Brief Summary of Bill**

- Reduces the B&O tax rate for grain warehouses to 0.484 percent (from 1.5 percent).
- Allows a grain warehouse to report for B&O tax purposes based on either cash receipts or accrual basis regardless of its normal accounting methods.

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### HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

**Majority Report:** Do pass. Signed by 14 members: Representatives G. Chandler, Republican Co-Chair; Linville, Democratic Co-Chair; Cooper, Democratic Vice Chair; Koster, Republican Vice Chair; Anderson; B. Chandler; Delvin; Fortunato; Grant; Reardon; Schoesler; Stensen; Sump and Wood.

**Staff:** Kenneth Hirst (786-7105).

**Background:**

The Business and Occupation (B&O) taxation rate for storage warehouses is 0.484 percent times the gross income of the business. However, agricultural warehouses licensed by the Department of Agriculture are exempted from this tax rate. Since they

are not given a specific other rate by the B&O statutes, the general tax rate applies to the warehouses. The general rate is 1.5 percent times the gross income of the business.

In reporting for B&O tax purposes, a taxpayer is to report on a cash receipts or accrual basis according to the method of accounting regularly employed in keeping the taxpayer's books. If the books are kept on the basis of charges that are accruing, reporting for B&O tax purposes is to be based on those accruals although payment for those accruing charges may not yet have been received by the taxpayer.

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**Summary of Bill:**

The B&O tax rate for grain warehouses is changed to 0.484 percent times the gross income of the warehouse.

A person operating a grain warehouse may elect to report for B&O tax purposes based on either a cash receipts or accrual basis regardless of the accounting method regularly employed by the warehouse.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and the substantive provisions take effect July 1, 1999.

**Testimony For:** Rural grain storage warehouses operate on a very narrow margin. It creates a serious cash flow problem for them to have to pay B&O taxes on storage charges that are accruing for the grain since the warehouses will not be paid for these charges until later, when the grain is sold to a third party. Over 20 of these storage facilities are cooperatives.

**Testimony Against:** None

**Testified:** (In support) Wendy Brodahl, Pacific Northwest Grain and Feed Association; and Dan Coyne, Washington State Council of Farmer Cooperatives.