

# SENATE BILL REPORT

## SHB 1140

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As Reported By Senate Committee On:  
Agriculture & International Trade, March 16, 2001

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

**Brief Description:** Modifying the taxation of grain warehouses.

**Sponsors:** By House Committee on Agriculture & Ecology (originally sponsored by Representatives Schoesler, Grant, Sump, G. Chandler, Cox, McMorris, Doumit, Mielke, Armstrong, Mastin, B. Chandler, Linville, Hatfield, Alexander, Benson and Haigh).

**Brief History:**

**Committee Activity:** Agriculture & International Trade: 3/16/01 [DP].

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### SENATE COMMITTEE ON AGRICULTURE & INTERNATIONAL TRADE

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**Majority Report:** Do pass.

Signed by Senators Rasmussen, Chair; Shin, Vice Chair; Parlette, Sheahan and Spanel.

**Staff:** Bob Lee (786-7404)

**Background:** In reporting for business and occupation (B&O) tax purposes, a taxpayer is to report on a cash receipts basis or an 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.

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

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2001.

**Testimony For:** During the last economic decline for grain in the 1980's, many warehouses switched over to the accrual method of accounting to better track the financial position of the warehouse. Grain warehouses are unique in that grain is stored and storage charges accrue, but the warehouse does not collect the storage charge until the farmer sells the grain which is often several months later. This bill allows grain warehouses to pay the B&O tax in the year that they receive payment of the storage charges.

**Testimony Against:** None.

**Testified:** PRO: Representative Mark Schoesler, prime sponsor; Dan Coyne, Washington State Council of Farmer Co-Ops.