

SENATE BILL REPORT

EHB 1886

As of May 22, 2001

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

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

Sponsors: By Representatives Linville (co-prime sponsor), G. Chandler (co-prime sponsor), Grant, Doumit, B. Chandler and Hatfield.

Brief History:

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7433)

Background: The sales tax is paid on each retail sale of most articles of tangible personal property and certain services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

Sales of feed, seed, fertilizer, agents for enhanced pollination, spray materials, and chemical sprays used to prevent mold or fungus to farmers are exempt from sales and use taxes. The exemption is also available to persons under contract with a nonprofit entity or the Department of Fish and Wildlife to improve wildlife habitat and to persons who are participating in one of several federal conservation or habitat development programs.

Animal pharmaceuticals are subject to retail sales and use taxes, even if purchased by farmers.

Summary of Bill: The exemption from retail sales and use taxes provided to farmers and persons involved in certain habitat and conservation programs is extended to include sales of animal pharmaceuticals approved by either the U.S. Food and Drug Administration or the U.S. Department of Agriculture.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on August 1, 2001.