

FINAL BILL REPORT

SSB 5484

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Synopsis as Enacted

Brief Description: Providing a limited sales tax exemption for certain sales of conifer seed.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Hargrove and Rasmussen).

Senate Committee on Ways & Means

House Committee on Finance

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.

Major items exempt from tax include food for human consumption, prescription drugs, motor vehicle fuel, utility services, professional services (e.g. medical, legal), certain business services (e.g. accounting, engineering), and items that become a component part of another product for sale.

Also exempt from tax are sales that the state is prohibited from taxing under the state or federal constitutions or under the laws of the United States. This generally includes import/export sales, sales made in this state of items that are delivered outside the state, sales to the federal government, and sales to Indians.

Summary: Sales and use tax exemptions are provided for sales of conifer seed that are immediately placed into freezer storage operated by the seller and used to grow timber outside Washington or sold to an Indian tribe for growing timber in Indian country.

For a buyer of conifer seed engaged in growing timber both within and outside Washington, the buyer may defer payment of the sales tax until it is determined that the conifer seed, or seedlings germinated from the conifer seed, will be planted in Washington.

A buyer who pays tax on the purchase of conifer seed and subsequently determines that the sale qualifies for tax exemption is entitled to a deduction on the buyer's tax return equal to the cost to the buyer of the purchased seed.

The bill applies retroactively.

Votes on Final Passage:

Senate	47	0
House	89	3

Effective: July 22, 2001