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**SUBSTITUTE SENATE BILL 5484**

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**State of Washington**

**57th Legislature**

**2001 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Hargrove and Rasmussen)

READ FIRST TIME 03/08/01.

1 AN ACT Relating to taxation of businesses selling conifer seed or  
2 growing seedlings; adding a new section to chapter 82.08 RCW; adding a  
3 new section to chapter 82.12 RCW; and creating new sections.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that in-state sellers  
6 of conifer seed and persons growing customer-owned conifer seed into  
7 seedlings are placed at a marketplace disadvantage compared to persons  
8 doing the same activity out of state because of the unique storage and  
9 growing requirements of conifer seed. It is the intent of the  
10 legislature to eliminate this disadvantage by providing a limited sales  
11 tax exemption for the sale of conifer seed to be used to grow timber  
12 outside Washington, or sold to an Indian tribe or member to grow timber  
13 in Indian country, if upon sale the seed is immediately placed into  
14 freezer storage operated by the seller.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW  
16 to read as follows:

17 (1) The tax levied by RCW 82.08.020 does not apply to the sale of  
18 conifer seed that is immediately placed into freezer storage operated

1 by the seller and is: (a) Used for growing timber outside Washington;  
2 or (b) sold to an Indian tribe or member and is to be used for growing  
3 timber in Indian country. This section applies only if the buyer  
4 provides the seller with an exemption certificate in a form and manner  
5 prescribed by the department. The seller shall retain a copy of the  
6 certificate for the seller's files. For the purposes of this section,  
7 "Indian country" has the meaning given in RCW 82.24.010.

8 (2) If a buyer of conifer seed is normally engaged in growing  
9 timber both within and outside Washington and is not able to determine  
10 at the time of purchase whether the seed acquired, or the seedlings  
11 germinated from the seed acquired, will be used for growing timber  
12 within or outside Washington, the buyer may defer payment of the sales  
13 tax until it is determined that the seed, or seedlings germinated from  
14 the seed, will be planted for growing timber in Washington. A buyer  
15 that does not pay sales tax on the purchase of conifer seed and  
16 subsequently determines that the sale did not qualify for the tax  
17 exemption must remit to the department the amount of sales tax that  
18 would have been paid at the time of purchase.

19 (3) A buyer who pays retail sales tax on the purchase of conifer  
20 seed and subsequently determines that the sale qualifies for the tax  
21 exemption provided in this section is entitled to a deduction on the  
22 buyer's tax return equal to the cost to the buyer of the purchased  
23 seed. The deduction is allowed only if the buyer keeps and preserves  
24 records that show from whom the seed was purchased, the date of the  
25 purchase, the amount of the purchase, and the tax that was paid.

26 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW  
27 to read as follows:

28 The provisions of this chapter do not apply in respect to the use  
29 of conifer seed to grow seedlings if the seedlings are grown by a  
30 person other than the owner of the seed. This section applies only if  
31 the seedlings will be used for growing timber outside Washington, or if  
32 the owner of the conifer seed is an Indian tribe or member and the  
33 seedlings will be used for growing timber in Indian country.

34 If the owner of conifer seed is not able to determine at the time  
35 the seed is used in a growing process whether the use of the seed is  
36 exempt from tax under this section, the owner may defer payment of the  
37 use tax until it is determined that the seedlings will be planted for

1 growing timber in Washington. For the purposes of this section,  
2 "Indian country" has the meaning given in RCW 82.24.010.

3 NEW SECTION. **Sec. 4.** This act applies retroactively.

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