

SENATE BILL REPORT

SSB 6028

As Passed Senate, April 14, 2003

Title: An act relating to the business and occupation taxation of manufacturing flax seed into flax oil, flax seed meal, or flax seed byproducts.

Brief Description: Modifying the business and occupation taxation of manufacturing flax seed into flax oil, flax seed meal, or flax seed byproducts.

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

Brief History:

Committee Activity: Ways & Means: 3/25/03, 4/7/03 [DPS, DNP].

Passed Senate: 4/14/03, 38-10.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6028 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Hale, Honeyford, Johnson, Parlette, Roach and Sheahan.

Minority Report: Do not pass.

Signed by Senator Fraser.

Staff: Terry Wilson (786-7433)

Background: The business & occupation (B&O) tax is levied for the privilege of doing business in Washington. The tax is levied on the gross receipts of all business activities conducted within the state. There are generally no deductions for the costs of doing business. Currently, there are six different B&O tax rates. The three principal rates are:

Manufacturing/ wholesaling	0.484%
Retailing	0.471%
Services	1.5%

A lower B&O tax rate of 0.138 percent applies to manufacturing of wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola byproducts, or sunflower seeds into sunflower oil.

Summary of Bill: The B&O tax rate on persons engaging in the business of manufacturing flax seed into flax oil, flax seed meal, or flax seed byproducts is reduced from 0.484 percent to 0.138 percent.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on August 1, 2003.

Testimony For: The Department of Revenue had previously said that flax manufacturing should be included in the vegetable oil category, but now says it should be reported as manufacturing. The department suggested this change. This bill encourages primary manufacturing which is needed to build a strong economic base. Flax oil is an old food, but recently has been making a comeback because of its nutritional benefits. This bill is integral to the decision of whether to expand in this state.

Testimony Against: None.

Testified: PRO: Senator Brandland, prime sponsor; Bob Walberg, Omega Nutrition.