

# SENATE BILL REPORT

## SB 6508

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As Reported By Senate Committee On:  
Agriculture, February 5, 2004

**Title:** An act relating to suspending business and occupation taxation on certain businesses impacted by the ban on American beef products.

**Brief Description:** Suspending business and occupation taxation on certain businesses impacted by the ban on American beef products.

**Sponsors:** Senators Honeyford, Brandland, Roach, Sheahan, Mulliken and Rasmussen.

**Brief History:**

**Committee Activity:** Agriculture: 2/3/04, 2/5/04 [DPS-WM].

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### SENATE COMMITTEE ON AGRICULTURE

**Majority Report:** That Substitute Senate Bill No. 6508 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Swecker, Chair; Brandland, Vice Chair; Rasmussen and Sheahan.

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

**Background:** As a result of a cow having been tested positive for bovine spongiform encephalopathy on December 23, 2003, a number of trading partners have imposed either a ban or trading restrictions on the shipment of live animals or beef products produced in the United States. The investigation determined that the animal's origin was traced back to Canada.

The Animal and Plant Health Inspection Service Division of the United States Department of Agriculture maintains a website showing the trade status of cattle and beef exports with foreign countries.

Currently, the business and occupation tax on the wholesale sales of meat products is 0.138 percent.

**Summary of Substitute Bill:** The business and occupation tax on the wholesale sales of beef products is suspended for the entity that slaughtered the animal until the bans on the importation of beef and beef products are lifted by Japan, Mexico and the Republic of Korea. When those bans have been lifted, the Department of Revenue must notify the affected taxpayers, the Legislature, and others that the tax has been reimposed.

**Substitute Bill Compared to Original Bill:** The substitute bill narrows the scope of the bill from all meats to beef only and requires that the entity for whom the exemption is provided must be involved in the slaughter of the animal.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** When other countries banned the importation of beef from the United States, a large quantity of product was stranded in shipment. Though several sectors of the beef industry have been negatively affected, the purpose of the substitute bill is to maintain the viability of slaughtering plants which are the final buyers of cattle.

Prior to the ban by importing countries, 92 percent of our state's beef went to the export market while only 12 percent of the nation's beef went to export.

The purpose of the bill is to reduce the impact to the beef industry while the ban by the major importing countries is in place.

**Testimony Against:** None.

**Testified:** PRO: Senator Honeyford, prime sponsor; Mark Triplett, Tyson/IBP; Heather Hansen, WA Cattle Feeders Assn.; Chris Cheney, WA Cattlemen's Assn.; Julie Sexton, Dept. of Revenue.