

SENATE BILL REPORT

ESHB 3222

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, February 20, 2006
Ways & Means, February 27, 2006

Title: An act relating to excise tax exemptions for the handling and processing of livestock manure.

Brief Description: Modifying excise tax exemptions for the handling and processing of livestock manure.

Sponsors: House Committee on Finance (originally sponsored by Representatives Pettigrew, Haler, Chandler, Kretz, Hinkle, Kristiansen, Holmquist and Linville).

Brief History: Passed House: 2/11/06, 77-21.

Committee Activity: Agriculture & Rural Economic Development: 2/20/06 [DP-WM].
Ways & Means: 2/22/06, 2/27/06 [DP].

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Rasmussen, Chair; Shin, Vice Chair; Schoesler, Ranking Minority Member; Delvin, Jacobsen, Morton and Sheldon.

Staff: Bob Lee (786-7404)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Parlette, Pflug, Pridemore, Rasmussen, Roach, Rockefeller and Schoesler.

Staff: Terry Wilson (786-7772)

Background: Currently, there are tax incentives for dairy operators who have approved nutrient management plans. Also, there are tax incentives for anaerobic digesters used to process primarily dairy manure.

There is interest in broadening these incentives to other livestock sectors.

Summary of Bill: The sales and use tax exemptions for nutrient management equipment and facilities currently available for dairies with approved dairy nutrient management plans (NMPs) are broadened to include other animal feeding operations with approved plans. Persons who are eligible for the exemption include:

- 1) Licensed dairies with certified dairy nutrient management plans;
- 2) Animal feeding operations (AFOs) with a waste discharge permit; and
- 3) AFOs with nutrient management plans approved by a conservation district as meeting natural resource conservation service field office technical guide standards.

A conservation district is required to maintain a list of eligible persons who manage AFOs with NMPs that have been approved by the district as meeting natural resource conservation service standards. AFOs are defined as a lot where animals are confined for a total of 45 or more days and forage growth is not sustained in the confinement area during the normal growing season.

The exemption from sales and use tax currently available for anaerobic digesters to treat dairy manure is expanded to all livestock manure.

The Conservation Commission is required to compile information on NMPs approved by conservation districts during the 2005-2007 fiscal biennium, as well as on the utilization of the tax incentives. The Commission must submit a report to the Legislature by December 2007.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2006.

Testimony For (Agriculture & Rural Economic Development): Extending this program to other livestock sectors will provide a positive incentive to improve animal feeding facilities and to build anaerobic digesters that will improve water quality.

Testimony Against (Agriculture & Rural Economic Development): None.

Who Testified (Agriculture & Rural Economic Development): PRO: John Larsen, Washington Association of Conservation Districts; Chris Cheney, Washington Fryer Commission; Jim Zimmerman, Washington Cattlemen Association.

Testimony For (Ways & Means): This is an important bill for a small number of people. It is a financial incentive for small operations. It bodes well for environmental stewardship.

Testimony Against (Ways & Means): None.

Who Testified (Ways & Means): PRO: Jack Field, Washington Cattlemen's Association.