

SENATE BILL REPORT

SB 5543

As of March 4, 2005

Title: An act relating to extending a sales and use tax exemption to the construction of facilities to be used for the conditioning of vegetable seeds.

Brief Description: Extending a sales and use tax exemption to the construction of facilities to be used for the conditioning of vegetable seeds.

Sponsors: Senators Spanel, Haugen, Jacobsen, Mulliken, Roach and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 3/4/05.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7433)

Background: The rural county deferral program targets rural counties with population densities of less than 100 per square mile or smaller than 225 square miles, community empowerment zones, and counties containing a community empowerment zone. Manufacturing, research and development, and computer service businesses may defer sales and use taxes on buildings, machinery and equipment, and installation labor. An expansion or renovation must increase the floor space or production capacity of an existing structure to qualify. The business is required to create at least one job per \$750,000 of investment if the project is in a community empowerment zone or a county containing a community empowerment zone. The deferred taxes are forgiven if the investment project meets the program criteria for eight years after the project is complete.

Under current law, manufacturing does not include the conditioning of seed for use in planting.

Summary of Bill: The rural county deferral program is expanded to include the conditioning of vegetable seeds.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2005.

Testimony For: This bill extends the current deferral program to vegetable seed conditioning. The seeds are grown here. It is a large part of the economy and produces a lot of jobs.

Testimony Against: None.

Who Testified: PRO: Senator Spanel, prime sponsor.