

# SENATE BILL REPORT

## SB 6485

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As Reported By Senate Committee On:  
Agriculture & Rural Economic Development, January 26, 2006

**Title:** An act relating to exempting the custom blending of dry fertilizer from business and occupation tax.

**Brief Description:** Exempting the custom blending of dry fertilizer from business and occupation tax.

**Sponsors:** Senators Rasmussen, Schoesler, Sheldon, Morton, Doumit and Delvin.

**Brief History:**

**Committee Activity:** Agriculture & Rural Economic Development: 1/26/06 [DP-WM].

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### 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)

**Background:** Various crops have different nutrient requirements including nitrogen, phosphorus, potassium, and a number of trace minerals. The available nutrients in soil also vary. Fertilizers are used to augment production of crops by providing nutrients that are deficient in the soil. Custom blending of dry fertilizers is done after the fertilizer is initially manufactured to meet the specific crop and soil requirements.

The business and occupation tax on manufacturing includes the initial manufacture of various fertilizers. The definition of manufacturing excludes a number of activities where the form of an existing product undergoes a minor alteration such as conditioning of seed, ice glazing of seafood, and packing of agricultural products.

**Summary of Bill:** Custom blending of dry fertilizer is not considered as manufacturing for purposes of the business and occupation tax. The sale of custom blended dry fertilizer remains subject to the business and occupation tax.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect on April 1, 2006.

**Testimony For:** The bill addresses a problem that first came up last fall involving an audit of fertilizer company.

**Testimony Against:** None.

**Testimony Other:** The Department of Revenue will check on the assumptions in their fiscal note .

**Who Testified:** PRO: Senator Schoesler.

OTHER: Gil Brewer, Department of Revenue.