

SENATE BILL REPORT

SB 6609

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, January 31, 2006

Title: An act relating to exempting wholesale sales of bulk raw milk from business and occupation tax.

Brief Description: Exempting wholesale sales of bulk raw milk from business and occupation tax.

Sponsors: Senators Rasmussen, Delvin, Sheldon, Schoesler, Morton, Mulliken, Roach and Shin.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 1/30/06, 1/31/06 [DPS-WM].

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6609 be substituted therefor, and the substitute bill 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: Sam Thompson (786-7413)

Background: The state business & occupation (B&O) tax is levied on the gross receipts of many business activities conducted within the state. The B&O tax rate applying to wholesaling activities is 0.484 percent. Amounts received from wholesale buying and selling of wheat, oats, dry peas, dry beans, lentils, triticale, canola, corn, rye, and barley are exempt from the B&O tax. It is suggested that this exemption be extended to include whole raw milk.

Summary of Substitute Bill: Wholesale sales of raw milk for processing are exempted from the state B&O tax.

Substitute Bill Compared to Original Bill: A revision clarifies that the tax exemption applies to wholesale sales of raw milk that will be processed before reaching the consumer.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The current B&O tax exemption for wholesaling of unprocessed agricultural commodities should be extended to raw milk. This legislation would streamline operations and cut costs of businesses such as the Northwest Dairy Association (Darigold), a dairy

farmers' cooperative that collects and wholesales its members' raw milk to milk processors. These farmers would qualify for an existing B&O tax exemption if they directly sold raw milk for resale, rather than using the cooperative as their agent.

Testimony Against: None.

Who Testified: PRO: Dan Coyne and Sharon Appelt, Northwest Dairy Association/
Darigold.