

SENATE BILL REPORT

SB 6868

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, February 2, 2006

Title: An act relating to excise tax exemptions for aircraft fuel used for crop dusting activities.

Brief Description: Providing excise tax exemptions for aircraft fuel used for crop dusting activities.

Sponsors: Senators Mulliken, Rasmussen and Schoesler.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 2/2/06 [DPS-WM].
Ways & Means: 2/7/06.

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6868 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)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: The state aircraft fuel tax is imposed at 11 cents per gallon of fuel sold, delivered, or used in aircraft in the state, with certain exemptions. Aircraft fuel is also subject to state and local retail sale and use taxes.

Fuel for aircraft operating at least 95 percent of the time from private airfields and used principally for applying pesticides, herbicides, and other agricultural chemicals (i.e., crop dusting) is exempt from the aircraft fuel tax.

Summary of Substitute Bill: The aircraft fuel tax exemption for fuel used principally for crop dusting is expanded to include fuel used for aerial seed and fertilizer application. Sale and use of fuel for aircraft used principally for crop dusting and aerial seed and fertilizer application is exempt from retail sale and use taxes.

Substitute Bill Compared to Original Bill: Aircraft fuel, retail sale, and use tax exemptions are expanded to include fuel used in aerial seed and fertilizer application, in addition to fuel used for crop dusting.

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: Aerial applicators may be unfairly subjected to double taxation (i.e., imposition of both aircraft fuel and sales taxes). Rising aircraft fuel costs, passed on to farmers, have made crop dusting and other aerial applications very expensive, and any tax relief would make a big difference, enabling struggling aerial applicators to remain in business.

Testimony Against: None.

Who Testified: PRO: Sen. Mulliken; Tom Dent, Tom Dent Aviation and Association of Washington Aerial Applicators; Daniel L. Foster, Farmland Forest Helicopters; Dan Fazio, Washington Farm Bureau.