
SUBSTITUTE SENATE BILL 6542

State of Washington

59th Legislature

2006 Regular Session

By Senate Committee on Agriculture & Rural Economic Development
(originally sponsored by Senators Mulliken, Rasmussen, Schoesler,
Sheldon, Morton, Shin, Delvin and Honeyford)

READ FIRST TIME 02/03/06.

1 AN ACT Relating to exempting farming services from business and
2 occupation tax; amending RCW 82.04.330; adding a new section to chapter
3 82.16 RCW; and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 82.04.330 and 2001 c 118 s 3 are each amended to read
6 as follows:

7 (1) This chapter shall not apply to any:

8 (a) Farmer that sells any agricultural product at wholesale (~~or to~~
9 any));

10 (b) Farmer who grows, raises, or produces agricultural products
11 owned by others, such as custom feed operations;

12 (c) Person performing custom farming services;

13 (d) Person performing farm management services or contract labor
14 services, or both, for a farmer or for a person performing custom
15 farming services, when the person providing the farm management
16 services or contract labor services, or both, and the farmer or person
17 performing custom farming services are related; or

18 (e) Person who participates in the federal conservation reserve

1 program or its successor administered by the United States department
2 of agriculture with respect to land enrolled in that program.

3 ~~((This))~~ (2) The exemption provided by this section shall not apply
4 to any person selling ((such)) agricultural products at retail or to
5 any person selling manufactured substances or articles.

6 ~~((This chapter shall also not apply to any persons who participate~~
7 ~~in the federal conservation reserve program or its successor~~
8 ~~administered by the United States department of agriculture with~~
9 ~~respect to land enrolled in that program.))~~

10 (3) The definitions in this subsection apply throughout this
11 section.

12 (a) "Custom farming services" means the providing of labor, by hand
13 or the use of any farm machinery, equipment, implement, or draft
14 animal, in the performance of specific farming operations, including
15 the care or raising of livestock or poultry, when: (i) The specific
16 farming operation consists of growing, raising, or producing any
17 agricultural product to be sold or consumed by a farmer; and (ii) the
18 performance of the specific farming operation is for, and under a
19 contract with, or the direction or supervision of, a farmer. "Custom
20 farming services" does not include the custom application of
21 fertilizers, chemicals, or biologicals unless the custom applicator is
22 related to the person for whom the service is rendered.

23 (b) "Farm management services" means the consultative decisions
24 made for the operations of the farm including, but not limited to,
25 determining which crops to plant, the choice and timing of application
26 of fertilizers and chemicals, the horticultural practices to apply, the
27 marketing of crops and livestock, and the care and feeding of animals.

28 (c) "Related" means having any of the relationships specifically
29 described in section 267(b)(1) through (13) of the Internal Revenue
30 Code, as amended or renumbered as of January 1, 2006.

31 NEW SECTION. Sec. 2. A new section is added to chapter 82.16 RCW
32 to read as follows:

33 (1) This chapter shall not apply to any person hauling agricultural
34 products or farm machinery or equipment for a farmer or for a person
35 performing custom farming services, when the person providing the
36 hauling and the farmer or person performing custom farming services are
37 related.

1 (2) The exemption provided by this section shall not apply to the
2 hauling of any substances or articles manufactured from agricultural
3 products. For the purposes of this subsection, "manufactured" has the
4 same meaning as "to manufacture" in RCW 82.04.120.

5 (3) The definitions in RCW 82.04.213 and 82.04.330 apply to this
6 section.

7 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2006.

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