

# FINAL BILL REPORT

## HB 2032

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Synopsis as Enacted

**Brief Description:** Concerning the tax deferral application process for fruit and vegetable processing and storage.

**Sponsors:** By Representatives Takko and Hinkle.

**House Committee on Finance**

**Senate Committee on Agriculture & Rural Economic Development**

**Senate Committee on Ways & Means**

**Background:**

In 2005 a sales and use tax deferral program (program) was authorized for fruit and vegetable processing, cold storage warehousing, and related research and development businesses. The program authorized the deferral of sales and use taxes on tangible personal property, including machinery and equipment, and labor and services related to the construction, expansion, or operation of facilities used for eligible processing, warehousing, or research and development. The deferred taxes are forgiven if the investment project meets the program criteria for eight years.

In 2006 dairy product manufacturing and seafood processing were included within the program.

To qualify for the deferral of taxes, a person must apply to the Department of Revenue prior to the initiation of construction of a facility, or the purchase of machinery and equipment, to be used for fresh fruit and vegetable processing, seafood product manufacturing, dairy product manufacturing, cold storage warehousing, or related research and development.

A person may not apply for the tax deferral before July 1, 2007. The program expires July 1, 2012.

**Summary:**

The date in which a person may apply for the tax deferral program is changed from July 1, 2007, to the date the Governor signs this act (April 30, 2007).

**Votes on Final Passage:**

House	98	0
Senate	47	1

**Effective:** April 30, 2007