

SENATE BILL REPORT

HB 2032

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, March 19, 2007
Ways & Means, April 2, 2007

Title: An act relating to the application process for the fruit and vegetable processing and storage tax deferral.

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

Sponsors: Representatives Takko and Hinkle.

Brief History: Passed House: 3/08/07, 98-0.

Committee Activity: Agriculture & Rural Economic Development: 3/19/07 [DP-WM].
Ways & Means: 4/02/07 [DP].

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Rasmussen, Chair; Hatfield, Vice Chair; Schoesler, Ranking Minority Member; Morton and Shin.

Staff: Bob Lee (786-7404)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hobbs, Honeyford, Keiser, Parlette, Rasmussen, Roach, Rockefeller, Schoesler and Tom.

Staff: Dianne Criswell (786-7433)

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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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 portion of the 2005 legislation contains a July 1, 2007, effective date. Thus, a person may not apply for the tax deferral before July 1, 2007. The program expires July 1, 2012.

Summary of Bill: Businesses are authorized to apply for the deferral of sales and use taxes under the program before July 1, 2007. Other provisions continue to take effect on July 1, 2007.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: (Agriculture & Rural Economic Development)

PRO: There is a short period between when the prior year's potatoes are all out of storage and when the new crop is put into storage. Additions to potato facilities need to be constructed during this time period. This bill is needed so that new construction can begin early enough so it will be completed before the new crop is brought in. The potato and onion storage project will result in 40 new jobs. Several other fruit and vegetable companies are considering expansion and being able to make application earlier will help create more jobs in agriculturally-dependent rural areas like Grant County.

Persons Testifying: (Agriculture & Rural Economic Development) PRO: Representative Takko, prime sponsor; Jake Wardenaar, Blue Sky Management; Jonathan Smith, Grant County Economic Development Council.

Staff Summary of Public Testimony (Ways & Means): None.

Persons Testifying (Ways & Means): No one.