

SENATE BILL REPORT

SB 5765

As of February 12, 2007

Title: An act relating to the sales and use taxation of repairs to farm machinery and equipment.

Brief Description: Concerning the sales and use taxation of repairs to farm machinery and equipment.

Sponsors: Senators Rasmussen and Schoesler.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 2/12/07.

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Staff: Bob Lee (786-7404)

Background: The state sales and use tax rate is 6.5 percent. In addition, cities, counties, and transit districts may impose local option sales and use taxes for general purposes as well as a variety of specific purposes. As of December 2005, local rates ranged from 0.5 percent to 2.4 percent.

In 2006, farmers became exempt from sales and use tax on the purchase of replacement parts for farm machinery and farm equipment if their income from growing, raising, or producing agricultural products is at least 10,000 dollars in the calendar year.

Other vehicles, not including farm tractors and farm implements, used only incidentally on or moved along public highways for the purpose of going from one farm to another are defined as farm vehicles. The 2006 exemption from sales and use tax did not apply to replacement parts for farm vehicles.

Summary of Bill: Labor and services to install parts on farm machinery and equipment is exempt from sales tax.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

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