
HOUSE BILL 2352

State of Washington 60th Legislature 2007 Regular Session

By Representatives Grant, Linville, Simpson and Bailey

Read first time 02/23/2007. Referred to Committee on Finance.

1 AN ACT Relating to the excise taxation of persons engaged in
2 farming and farming services; amending RCW 82.04.330; adding a new
3 section to chapter 82.16 RCW; providing an effective date; and
4 declaring an emergency.

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

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

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

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

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

13 (c) Person performing custom farming services; or

14 (d) Person performing farm management services, contract labor
15 services, services provided with respect to animals that are
16 agricultural products, or any combination of these services, for a
17 farmer or for a person performing custom farming services, when the
18 person performing the farm management services, contract labor

1 services, services with respect to animals, or any combination of these
2 services, and the farmer or person performing custom farming services
3 are related.

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

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

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

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

24 For the purposes of this subsection (3)(a), "specific farming
25 operation" includes specific planting, cultivating, or harvesting
26 activities, or similar specific farming operations. The term does not
27 include veterinary services as defined in RCW 18.92.010; farrier,
28 boarding, training, or appraisal services; artificial insemination or
29 stud services, agricultural consulting services; packing or processing
30 of agricultural products; or pumping or other waste disposal services.

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

36 (c) "Related" means having any of the relationships specifically
37 described in section 267(b)(1) through (13) of the Internal Revenue
38 Code, as amended or renumbered as of January 1, 2007.

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

3 (1) This chapter shall not apply to any person hauling agricultural
4 products or farm machinery or equipment for a farmer or for a person
5 performing custom farming services, when the person providing the
6 hauling and the farmer or person performing custom farming services are
7 related.

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

12 (3) The definitions in RCW 82.04.213 and 82.04.330 apply to this
13 section.

14 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
15 preservation of the public peace, health, or safety, or support of the
16 state government and its existing public institutions, and takes effect
17 July 1, 2007.

--- END ---