
Finance Committee

HB 1558

Brief Description: Concerning the taxation of honey beekeepers.

Sponsors: Representatives Warnick, Manweller, Taylor and Morrell.

Brief Summary of Bill

- Repeals the expiration date for the honey beekeeper tax exemptions.
- Provides eligible honey beekeepers with a sales or use tax exemption for purchases of honeybee food.

Hearing Date: 2/4/13

Staff: Dominique Meyers (786-7150).

Background:

Business and Occupation Tax:

Almost all businesses located or doing business in Washington are subject to the state business and occupation (B&O) tax. There are no deductions from the B&O tax for labor, materials, taxes, or other costs of doing business. A business may qualify, however, for certain exemptions, deductions, or credits permitted by law.

Among the state's statutory agricultural tax exemptions, the B&O tax does not apply to any farmer that sells any agricultural product for resale or to any farmer who grows, raises, or produces agricultural products owned by others, such as custom feed operations. This exemption does not apply to any person selling agricultural products at retail or to any person selling manufactured substances or articles.

In 2008, the legislature passed 2SSB 6468 relating to the taxation of honey beekeepers. The income received from the wholesale sale of honeybee products by those individuals who do not otherwise qualify as farmers is exempted from B&O tax. In addition, the income received for

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the sale of bee pollination services to a farmer by an eligible beekeeper is exempt from the B&O tax. These exemptions expire July 1, 2013.

Sales and Use Tax:

All retail sales of tangible personal property, except for specific exemptions provided in statute, are subject to retail sales tax. Use tax is imposed on the privilege of using tangible personal property where sales tax was not collected. The state sales tax rate is 6.5 percent, with local rates ranging from .05 to 3.0 percent.

The sale of honeybees to an eligible beekeeper is exempt from sales tax. This exemption expires July 1, 2013.

Summary of Bill:

The expiration date for the B&O and sales and use tax exemptions passed in 2008 are repealed.

A new exemption is authorized, which exempts the purchase of honey bee food by an eligible beekeeper from sales and use tax. Beekeepers are required to provide an exemption certificate to the seller when making tax-exempt purchases.

Appropriation: None.

Fiscal Note: Requested on 1/30/13.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2013.