
Finance Committee

HB 2259

Brief Description: Concerning the sales and use tax exemption for qualifying livestock nutrient management equipment and facilities.

Sponsors: Representatives Buys, Wilcox, Fagan, Hayes and Blake.

Brief Summary of Bill

- Extends the sales and use tax exemption for livestock nutrient management equipment to contractors transporting livestock manure for milk producers and animal feeding operation owners.

Hearing Date: 2/10/14

Staff: Kelly Leonard (786-7147).

Background:

Sales and Use Tax.

Retail sales taxes are imposed on the retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value of property, digital products, or service when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.1 percent, depending on the location.

Exemption for Livestock Nutrient Management.

A sales and use tax exemption applies to certain livestock nutrient management equipment and related services.

The exemption applies to qualifying livestock nutrient management equipment as well as labor and services rendered in respect to installing, repairing, cleaning, altering, or improving nutrient

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management equipment and facilities. The exemption does not apply to labor and services rendered for the construction of new or replacement facilities. Qualifying livestock nutrient management equipment includes tangible personal property used exclusively in the handling and treatment of livestock manure, such as aerators, agitators, alley scrapers, and augers.

To be eligible for the exemption, a person must be a licensed milk producer with a certified nutrient management plan or an animal feeding operation owner with a certified nutrient management plan, waste discharge permit, or national pollutant discharge elimination system permit.

Summary of Bill:

The sales and use tax exemption for livestock nutrient management is extended to certain contractors of eligible milk producers and animal feeding operation owners. To be eligible for the exemption, a contractor must either: (1) assume temporary control or possession of livestock manure and arrange for its transport to an importing operation or other location; or (2) transport livestock manure or apply it to land under the direction of a milk producer, animal feeding operation owner, or a contractor of either a milk producer or animal feeding operation owner.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.