

SENATE BILL REPORT

SB 6402

As of February 4, 2014

Title: An act relating to defining honey bee products and services as an agricultural product.

Brief Description: Defining honey bee products and services as an agricultural product.

Sponsors: Senators Honeyford, Hatfield, Brown, Dandel, Parlette and Bailey.

Brief History:

Committee Activity: Agriculture, Water & Rural Economic Development: 1/30/14 [DPS-WM].

Ways & Means: 2/05/14.

SENATE COMMITTEE ON AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6402 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Hatfield, Chair; Honeyford, Ranking Member; Brown, Eide, Hobbs and Schoesler.

Staff: Diane Smith (786-7410)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Juliana Roe (786-7438)

Background: Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Farmers who sell agricultural products at wholesale are exempt from the B&O tax. Agricultural products include any product of plant cultivation or animal husbandry including a product of horticulture, grain cultivating, vermiculture, viticulture, privately cultured aquatic products, or a bird, insect, or the substances obtained from such an animal.

Last year the Legislature expanded and extended tax exemptions for beekeepers through July 1, 2017. These B&O and sales and use tax exemptions include the following: the B&O tax on the wholesale sale of honey and honey bee products; the B&O tax on bee pollination

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services; the sales and use tax on the sale of pollinating bees; and the sales and use tax on feed used by an eligible apiarist in the raising of a bee colony used to make honey bee products.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): The definition of agricultural product for purposes of the B&O tax is expanded to include honey bee products and bee pollination services. Honey bee products are exempt from the following: the sales and use tax for qualifying purchases of replacement parts, farm fuel, and farm auctions sales; the public utility tax for hauling agricultural products; and the litter tax on wholesale sales of honey bee products. This exemption is permanent and not subject to the ten-year expiration date or a tax preference performance statement.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony (Agriculture, Water & Rural Economic Development): PRO: Honey bees are an integral part of agriculture. They need to be recognized as such. In order for Washington beekeepers to be competitive with those from out of state, we need to remove our beekeepers from B&O tax liability. This will go to have money earned in Washington stay in Washington.

Persons Testifying (Agriculture, Water & Rural Economic Development): PRO: Senator Honeyford, prime sponsor; Mark Emerich, WA State Beekeepers Assn.