
HOUSE BILL 2259

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Buys, Wilcox, Fagan, Hayes, and Blake

Read first time 01/15/14. Referred to Committee on Agriculture & Natural Resources.

1 AN ACT Relating to the sales and use tax exemption for qualifying
2 livestock nutrient management equipment and facilities; amending RCW
3 82.08.890; creating a new section; and providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** (1) It is the intent of this act to extend
6 the retail sales and use tax exemption for nutrient management
7 equipment to nutrient handling businesses that contract with farmers as
8 part of the farm plan relating to nutrient management. The legislature
9 finds that the equipment required for nutrient management is costly and
10 therefore has provided farmers with a sales and use tax exemption for
11 this equipment, including labor and materials required for proper
12 installation, repairing, and cleaning of this equipment. The
13 legislature further finds that farmers that do not own this equipment
14 need to contract with nutrient handling businesses for this specific
15 service as part of their nutrient management plan. These nutrient
16 handling businesses are currently not afforded the same tax treatment
17 as farmers for the nutrient management equipment used for the proper
18 handling of livestock manure required under every farm plan.
19 Therefore, the legislature intends to incentivize nutrient handling

1 businesses to adopt the latest technology for effective and
2 environmentally healthy application of livestock manure and to make
3 compliance with the nutrient management portion of a farm plan more
4 affordable for farmers by reducing the overall cost of the equipment
5 needed for proper compliance.

6 (2) It is the intent of this act to extend the sales and use tax
7 exemption for nutrient management equipment to nutrient handling
8 businesses for the purpose described under RCW 82.32.808(2)(e). The
9 legislature further intends to review the tax exemption and its actual
10 fiscal impact on state revenues to determine if the fiscal impact to
11 state revenues reasonably conforms to the fiscal estimate in the fiscal
12 note for this act.

13 **Sec. 2.** RCW 82.08.890 and 2010 1st sp.s. c 23 s 601 are each
14 amended to read as follows:

15 (1) The tax levied by RCW 82.08.020 does not apply to sales to
16 eligible persons of:

17 (a) Qualifying livestock nutrient management equipment;

18 (b) Labor and services rendered in respect to installing,
19 repairing, cleaning, altering, or improving qualifying livestock
20 nutrient management equipment; and

21 (c)(i) Labor and services rendered in respect to repairing,
22 cleaning, altering, or improving of qualifying livestock nutrient
23 management facilities, or to tangible personal property that becomes an
24 ingredient or component of qualifying livestock nutrient management
25 facilities in the course of repairing, cleaning, altering, or improving
26 of such facilities.

27 (ii) The exemption provided in this subsection (1)(c) does not
28 apply to the sale of or charge made for: (A) Labor and services
29 rendered in respect to the constructing of new, or replacing previously
30 existing, qualifying livestock nutrient management facilities; or (B)
31 tangible personal property that becomes an ingredient or component of
32 qualifying livestock nutrient management facilities during the course
33 of constructing new, or replacing previously existing, qualifying
34 livestock nutrient management facilities.

35 (2) The exemption provided in subsection (1) of this section
36 applies to sales made after the livestock nutrient management plan is:

1 (a) Certified under chapter 90.64 RCW; (b) approved as part of the
2 permit issued under chapter 90.48 RCW; or (c) approved as required
3 under subsection (4)(c)(~~(iii)~~) (i)(C) of this section.

4 (3)(a) The department of revenue must provide an exemption
5 certificate to an eligible person upon application by that person. The
6 department of agriculture must provide a list of eligible persons, as
7 defined in subsection (4)(c)(i)(A) and (~~(ii)~~) (B) of this section, to
8 the department of revenue. Conservation districts must maintain lists
9 of eligible persons as defined in subsection (4)(c)(~~(iii)~~) (i)(C) of
10 this section to allow the department of revenue to verify eligibility.
11 The application must be in a form and manner prescribed by the
12 department and must contain information regarding the location of the
13 dairy or animal feeding operation and other information the department
14 may require.

15 (b) A person claiming an exemption under this section must keep
16 records necessary for the department to verify eligibility under this
17 section. The exemption is available only when the buyer provides the
18 seller with an exemption certificate in a form and manner prescribed by
19 the department. The seller must retain a copy of the certificate for
20 the seller's files.

21 (4) The definitions in this subsection apply to this section and
22 RCW 82.12.890 unless the context clearly requires otherwise:

23 (a) "Animal feeding operation" means a lot or facility, other than
24 an aquatic animal production facility, where the following conditions
25 are met:

26 (i) Animals, other than aquatic animals, have been, are, or will be
27 stabled or confined and fed or maintained for a total of forty-five
28 days or more in any twelve-month period; and

29 (ii) Crops, vegetation, forage growth, or postharvest residues are
30 not sustained in the normal growing season over any portion of the lot
31 or facility.

32 (b) "Conservation district" means a subdivision of state government
33 organized under chapter 89.08 RCW.

34 (c) "Eligible person" means a person:

35 (i)(A) Licensed to produce milk under chapter 15.36 RCW who has a
36 certified dairy nutrient management plan, as required by chapter 90.64
37 RCW;

1 ~~((+ii+))~~ (B) Who owns an animal feeding operation and has a permit
2 issued under chapter 90.48 RCW; or

3 ~~((+iii+))~~ (C) Who owns an animal feeding operation and has a
4 nutrient management plan approved by a conservation district as meeting
5 natural resource conservation service field office technical guide
6 standards and who possesses an exemption certificate under RCW
7 82.08.855.

8 (ii)(A) That has a contract with an "eligible person" described
9 under (c)(i) of this subsection (4) to assume temporary control or
10 possession of livestock manure and arranges for transport to, and
11 utilization at, an importing operation or other location; or

12 (B) That transports or land applies livestock manure as a contract
13 agent for an "eligible person" described under (c)(i) or (c)(ii)(A) of
14 this subsection (4) under the direction of such eligible person.

15 (d) "Handling and treatment of livestock manure" means the
16 activities of collecting, storing, moving, or transporting livestock
17 manure, separating livestock manure solids from liquids, or applying
18 livestock manure to the agricultural lands of an eligible person other
19 than through the use of pivot or linear type traveling irrigation
20 systems.

21 (e) "Permit" means either a state waste discharge permit or a
22 national pollutant discharge elimination system permit, or both.

23 (f) "Qualifying livestock nutrient management equipment" means the
24 following tangible personal property for exclusive use in the handling
25 and treatment of livestock manure, including repair and replacement
26 parts for such equipment: (i) Aerators; (ii) agitators; (iii) augers;
27 (iv) conveyers; (v) gutter cleaners; (vi) hard-hose reel traveler
28 irrigation systems; (vii) lagoon and pond liners and floating covers;
29 (viii) loaders; (ix) manure composting devices; (x) manure spreaders;
30 (xi) manure tank wagons; (xii) manure vacuum tanks; (xiii) poultry
31 house cleaners; (xiv) poultry house flame sterilizers; (xv) poultry
32 house washers; (xvi) poultry litter saver machines; (xvii) pipes;
33 (xviii) pumps; (xix) scrapers; (xx) separators; (xxi) slurry injectors
34 and hoses; and (xxii) wheelbarrows, shovels, and pitchforks.

35 (g) "Qualifying livestock nutrient management facilities" means the
36 following structures and facilities for exclusive use in the handling
37 and treatment of livestock manure: (i) Flush systems; (ii) lagoons;

1 (iii) liquid livestock manure storage structures, such as concrete
2 tanks or glass-lined steel tanks; and (iv) structures used solely for
3 the dry storage of manure, including roofed stacking facilities.

4 (5) The exemption under this section does not apply to sales made
5 from July 1, 2010, through June 30, 2013.

6 NEW SECTION. **Sec. 3.** This act expires July 1, 2024.

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