
HOUSE BILL 1380

State of Washington

67th Legislature

2021 Regular Session

By Representatives Dufault, Springer, Steele, Mosbrucker, Sutherland, Dent, and Walsh

Read first time 01/26/21. Referred to Committee on Finance.

1 AN ACT Relating to restoring the business and occupation and
2 public utility tax exemption for custom farming and hauling farm
3 products; adding a new section to chapter 82.04 RCW; adding a new
4 section to chapter 82.16 RCW; and creating new sections.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04
7 RCW to read as follows:

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

9 (a) Person performing custom farming services for a farmer, when
10 the person performing the custom farming services is: (i) An eligible
11 farmer; or (ii) at least 50 percent owned by an eligible farmer; or

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

20 (2) The definitions in this subsection apply throughout this
21 section unless the context clearly requires otherwise.

1 (a)(i) "Custom farming services" means the performance of
2 specific farming operations through the use of any farm machinery or
3 equipment, farm implement, or draft animal, together with an
4 operator, when: (A) The specific farming operation consists of
5 activities directly related to the growing, raising, or producing of
6 any agricultural product to be sold or consumed by a farmer; and (B)
7 the performance of the specific farming operation is for, and under a
8 contract with, or the direction or supervision of, a farmer. "Custom
9 farming services" does not include the custom application of
10 fertilizers, chemicals, or biologicals, or any services related to
11 the growing, raising, or producing of marijuana.

12 (ii) For the purposes of this subsection (2)(a), "specific
13 farming operation" includes specific planting, cultivating, or
14 harvesting activities, or similar specific farming operations. The
15 term does not include veterinary services as defined in RCW
16 18.92.010; farrier, boarding, training, or appraisal services;
17 artificial insemination or stud services, or agricultural consulting
18 services; packing or processing of agricultural products; or pumping
19 or other waste disposal services.

20 (b) "Eligible farmer" means a person who is eligible for an
21 exemption certificate under RCW 82.08.855 at the time that the custom
22 farming services are rendered, regardless of whether the person has
23 applied for an exemption certificate under RCW 82.08.855.

24 (c) "Farm management services" means the consultative decisions
25 made for the operations of the farm including, but not limited to,
26 determining which crops to plant, the choice and timing of
27 application of fertilizers and chemicals, the horticultural practices
28 to apply, the marketing of crops and livestock, and the care and
29 feeding of animals. "Farm management services" does not include any
30 services related to the growing, raising, or producing of marijuana.

31 (d) "Related" means having any of the relationships specifically
32 described in section 267(b) (1), (2), and (4) through (13) of the
33 internal revenue code, as amended or renumbered as of January 1,
34 2007.

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

37 (1) This chapter shall not apply to any person hauling
38 agricultural products or farm machinery or equipment for a farmer or
39 for a person performing custom farming services, when the person

1 providing the hauling and the farmer or person performing custom
2 farming services are related.

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

7 (3) The definitions in RCW 82.04.213 and 82.04.625 apply to this
8 section.

9 NEW SECTION. **Sec. 3.** (1) This section is the tax preference
10 performance statement for the tax preference contained in sections 1
11 and 2, chapter . . ., Laws of 2021 (sections 1 and 2 of this act).
12 This performance statement is not intended to create a private right
13 of action by any party or to be used to determine eligibility for
14 preferential tax treatment.

15 (2) The legislature categorizes this tax preference as one
16 intended to reduce structural inefficiencies in the tax structure, as
17 indicated in RCW 82.32.808(2)(d).

18 (3) It is the legislature's specific public policy objective to
19 provide tax relief to farmers, including those who changed their farm
20 structure in response to federal regulations regarding irrigated
21 water.

22 NEW SECTION. **Sec. 4.** The provisions of RCW 82.32.805 and
23 82.32.808(4) do not apply to this act.

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