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**SUBSTITUTE HOUSE BILL 1936**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** House Finance (originally sponsored by Representatives Shavers, Ramel, and Timmons)

READ FIRST TIME 02/02/24.

1 AN ACT Relating to tax incentives for farmers; adding a new  
2 section to chapter 82.04 RCW; creating a new section; and providing  
3 an expiration date.

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

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

7 (1) Beginning January 1, 2025, a credit is allowed against taxes  
8 due under this chapter for 25 percent of expenditures made in the  
9 previous year by a qualified farmer for the purchase of new  
10 equipment, infrastructure, seed, seedlings, spores, animal feed, and  
11 amendments.

12 (2) To qualify for a credit, a farmer must meet at least one of  
13 the following criteria:

14 (a) Is a recipient of grant funds originating directly from the  
15 Washington state conservation commission or indirectly receives grant  
16 funds through a conservation district or other Washington public  
17 entity; or

18 (b) Is a participant in a Washington state conservation  
19 commission or conservation district conservation program.

20 (3) The credit claimed may not exceed the tax that would  
21 otherwise be due under this chapter. Any unused credit not used in

1 the current calendar year may be carried over and claimed against the  
2 person's tax liability for the next succeeding calendar year. Any  
3 credit remaining unused in the next succeeding calendar year may be  
4 carried forward and claimed against the person's tax liability for  
5 the second succeeding calendar year; but may not be carried over for  
6 any calendar year thereafter. Refunds may not be granted in the place  
7 of credits.

8 (4) An application is not required to claim the credit, but the  
9 claimant must keep records necessary for the department to determine  
10 eligibility for the credit under this section including documentation  
11 of grant funds received and verification of program participation.

12 (5) The department may adopt rules necessary to implement this  
13 section.

14 (6) For the purposes of this section, "farmer" has the same  
15 meaning as in RCW 82.04.213.

16 (7) This section expires January 1, 2035.

17 NEW SECTION. **Sec. 2.** This section is the tax preference  
18 performance statement for the tax preference contained in section 1,  
19 chapter . . ., Laws of 2024 (section 1 of this act). This performance  
20 statement is only intended to be used for subsequent evaluation of  
21 the tax preference. It is not intended to create a private right of  
22 action by any party or be used to determine eligibility for  
23 preferential tax treatment.

24 (1) The legislature categorizes this tax preference as one  
25 intended to induce certain designated behavior by taxpayers, as  
26 indicated in RCW 82.32.808(2) (a).

27 (2) It is the legislature's specific public policy objective to  
28 provide a tax incentive for farmers in order to attract more farmers  
29 to participate in conservation programs in Washington.

30 (3) If a review finds increased farmer participation in  
31 conservation programs in Washington after the effective date of this  
32 section, then the legislature intends to extend the expiration date  
33 of the tax preference.

34 (4) In order to obtain the data necessary to perform the review  
35 in subsection (3) of this section, the joint legislative audit and  
36 review committee may refer to any data collected by the state.

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