

# FINAL BILL REPORT

## SHB 1057

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C 6 L 95 E2  
Synopsis as Enacted

**Brief Description:** Lowering the tax rate on canola.

**Sponsors:** House Committee on Agriculture & Ecology (originally sponsored by Representatives Schoesler, Morris, B. Thomas, Delvin, Carlson, Hankins, Dyer, Sheldon, Casada, Chandler, L. Thomas, Fuhrman, Mulliken, Lisk, Cooke, Sheahan and Mastin).

**House Committee on Agriculture & Ecology**  
**House Committee on Finance**  
**Senate Committee on Ways & Means**

**Background:** The primary business and occupation (B&O) tax rate on manufacturing and on wholesale sales is 0.484 percent. For manufacturing, the rate is applied to the value of the products manufactured. Until June 30, 1997, this rate is increased by a surcharge of 4.5 percent multiplied by the primary rate. As increased by the surcharge, the rate is 0.50578 percent. The surcharge statute permits the Department of Revenue to round the surcharged rates to the nearest one-thousandth of one percent, which it has done in the tax schedules published to date. As rounded off, the rate is 0.506 percent.

A number of exceptions to this primary rate are provided by statute. The B&O tax rate for the wholesale sale of wheat, oats, dry peas, dry beans, lentils, triticale, corn, rye, and barley is 0.011 percent. Although the surcharge also applies to this special rate until June 30, 1997, the rate remains 0.011 percent as rounded off. The B&O tax rate for manufacturing wheat into flour, barley into pearl barley, soybeans into soybean oil, and sunflower seeds into sunflower oil is 0.138 percent. As increased by the surcharge, the rounded off rate is 0.144 percent until June 30, 1997.

**Summary:** The B&O tax rate for wholesale sales of canola is reduced to the same rate that applies to such sales of wheat. The new rate is 0.011 percent with or without the rounded surcharge. The B&O tax rate for manufacturing canola into canola oil, canola meal, or canola by-products is reduced to the rate that applies to manufacturing wheat into flour. The new rate is 0.138 percent. With the surcharge which expires on June 30, 1997, the new rate is 0.144 percent as rounded off.

**Votes on Final Passage:**

House 92 0

First Special Session

House 93 4

Second Special Session

House 88 5

Senate 32 14

**Effective:** July 1, 1995