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**SUBSTITUTE HOUSE BILL 2278**

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**State of Washington                      61st Legislature                      2009 Regular Session**

**By** House Finance (originally sponsored by Representatives Pettigrew, Chandler, Blake, Johnson, Bailey, and Schmick)

READ FIRST TIME 03/02/09.

1            AN ACT Relating to the sales and use tax exemption for livestock  
2 nutrient management equipment and facilities; and amending RCW  
3 82.08.890 and 82.12.890.

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

5            **Sec. 1.** RCW 82.08.890 and 2006 c 151 s 2 are each amended to read  
6 as follows:

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

9            (a) Qualifying livestock nutrient management equipment;

10           (b) Labor and services rendered in respect to installing,  
11 repairing, cleaning, altering, or improving qualifying livestock  
12 nutrient management equipment; and

13           (c)(i) Labor and services rendered in respect to (~~operating,~~)  
14 repairing, cleaning, altering, or improving of livestock nutrient  
15 management (~~equipment and~~) facilities, or to (~~sales of~~) tangible  
16 personal property that becomes an ingredient or component of (~~the~~  
17 equipment and) qualifying livestock nutrient management facilities in  
18 the course of repairing, cleaning, altering, or improving of such  
19 facilities.

1        (ii) The exemption provided in this subsection (1)(c) does not  
2 apply to the sale of or charge made for: (A) Labor and services  
3 rendered in respect to the constructing of new, or replacing previously  
4 existing, qualifying livestock nutrient management facilities; or (B)  
5 tangible personal property that becomes an ingredient or component of  
6 qualifying livestock nutrient management facilities during the course  
7 of constructing new, or replacing previously existing, qualifying  
8 livestock nutrient management facilities.

9        ~~(2)((a) To be eligible, the equipment and facilities must be used~~  
10 ~~exclusively for activities necessary to maintain a livestock nutrient~~  
11 ~~management plan.~~

12        ~~(b))~~ The exemption provided in subsection (1) of this section  
13 applies to sales made after the livestock nutrient management plan is:  
14 ~~((i))~~ (a) Certified under chapter 90.64 RCW; ~~((ii))~~ (b) approved as  
15 part of the permit issued under chapter 90.48 RCW; or ~~((iii))~~ (c)  
16 approved as required under subsection (4)(c)(iii) of this section.

17        (3)(a) The department of revenue must provide an exemption  
18 certificate to an eligible person upon application by that person. The  
19 department of agriculture must provide a list of eligible persons, as  
20 defined in subsection (4)(c)(i) and (ii) of this section, to the  
21 department of revenue. Conservation districts must maintain lists of  
22 eligible persons as defined in subsection (4)(c)(iii) of this section  
23 to allow the department of revenue to verify eligibility. The  
24 application must be in a form and manner prescribed by the department  
25 and must contain information regarding the location of the dairy or  
26 animal feeding operation and other information the department may  
27 require.

28        (b) A person claiming an exemption under this section must keep  
29 records necessary for the department to verify eligibility under this  
30 section. The exemption is available only when the buyer provides the  
31 seller with an exemption certificate in a form and manner prescribed by  
32 the department. The seller must retain a copy of the certificate for  
33 the seller's files.

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

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

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

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

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

9 (c) "Eligible person" means a person (i) licensed to produce milk  
10 under chapter 15.36 RCW who has a certified dairy nutrient management  
11 plan, as required by chapter 90.64 RCW; (ii) who owns an animal feeding  
12 operation and has a permit issued under chapter 90.48 RCW; or (iii) who  
13 owns an animal feeding operation and has a nutrient management plan  
14 approved by a conservation district as meeting natural resource  
15 conservation service field office technical guide standards.

16 ~~(d) ("Livestock nutrient management equipment and facilities"~~  
17 ~~means machinery, equipment, and structures used in the handling and~~  
18 ~~treatment of livestock manure, such as aerators, agitators, alley~~  
19 ~~scrapers, augers, dams, gutter cleaners, loaders, lagoons, pipes,~~  
20 ~~pumps, separators, and tanks. The term also includes tangible personal~~  
21 ~~property that becomes an ingredient or component of the equipment and~~  
22 ~~facilities, including repair and replacement parts.~~

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

25 (e) "Qualifying livestock nutrient management equipment" means the  
26 following equipment for exclusive use in the handling and treatment of  
27 livestock manure, including repair and replacement parts for such  
28 equipment: (i) Aerators; (ii) agitators; (iii) alley scrapers; (iv)  
29 augers; (v) conveyers; (vi) gutter cleaners; (vii) loaders; (viii)  
30 lagoon and pond liners; (ix) pipes; (x) pumps; (xi) separators; (xii)  
31 spreaders; and (xiii) manure storage tanks.

32 (f) "Qualifying livestock nutrient management facilities" means the  
33 following structures and facilities for exclusive use in the handling  
34 and treatment of livestock manure: (i) Lagoons; (ii) structures used  
35 solely for the dry storage of manure, including roofed stacking  
36 facilities; and (iii) water release devices, such as vertical dams,  
37 tower/pipeline valve systems, tip tanks, siphon tanks, and vertical  
38 dams and trapdoor tanks.

1       **Sec. 2.** RCW 82.12.890 and 2006 c 151 s 3 are each amended to read  
2 as follows:

3       (1) The provisions of this chapter do not apply with respect to the  
4 use by an eligible person of (~~tangible personal property that becomes~~  
5 ~~an ingredient or component of livestock nutrient management equipment~~  
6 ~~and facilities, as defined in RCW 82.08.890, or to labor and services~~  
7 ~~rendered in respect to repairing, cleaning, altering, or improving~~  
8 ~~eligible tangible personal property.))):~~

9       (a) Qualifying livestock nutrient management equipment;

10       (b) Labor and services rendered in respect to installing,  
11 repairing, cleaning, altering, or improving qualifying livestock  
12 nutrient management equipment; and

13       (c)(i) Tangible personal property that becomes an ingredient or  
14 component of qualifying livestock nutrient management facilities in the  
15 course of repairing, cleaning, altering, or improving of such  
16 facilities.

17       (ii) The exemption provided in this subsection (1)(c) does not  
18 apply to the use of tangible personal property that becomes an  
19 ingredient or component of qualifying livestock nutrient management  
20 facilities during the course of constructing new, or replacing  
21 previously existing, qualifying livestock nutrient management  
22 facilities.

23       ~~(2)((a) To be eligible, the equipment and facilities must be used~~  
24 ~~exclusively for activities necessary to maintain a livestock nutrient~~  
25 ~~management plan.~~

26       ~~(b))~~ The exemption applies to the use of tangible personal  
27 property (~~(or)~~) and labor and services made after the livestock  
28 nutrient management plan is: (~~(i)~~) (a) Certified under chapter 90.64  
29 RCW; (~~(ii)~~) (b) approved as part of the permit issued under chapter  
30 90.48 RCW; or (~~(iii)~~) (c) approved as required under RCW  
31 82.08.890(4)(c)(iii).

32       (3) The exemption certificate and recordkeeping requirements of RCW  
33 82.08.890 apply to this section. The definitions in RCW 82.08.890  
34 apply to this section.

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