

---

SENATE BILL 5595

---

State of Washington                      60th Legislature                      2007 Regular Session

By Senators Holmquist, Hatfield, Honeyford, Shin, Rasmussen,  
Schoesler, Morton, Roach and Parlette

Read first time 01/25/2007. Referred to Committee on Agriculture &  
Rural Economic Development.

1            AN ACT Relating to the excise taxation of persons engaged in  
2 farming and farming services; amending RCW 82.04.330; adding a new  
3 section to chapter 82.16 RCW; providing an effective date; and  
4 declaring an emergency.

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

6            **Sec. 1.** RCW 82.04.330 and 2001 c 118 s 3 are each amended to read  
7 as follows:

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

9            (a) Farmer that sells any agricultural product at wholesale (~~or to~~  
10 any));

11            (b) Farmer who grows, raises, or produces agricultural products  
12 owned by others, such as custom feed operations;

13            (c) Person performing custom farming services;

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

1 services, services with respect to animals, or any combination of these  
2 services, and the farmer or person performing custom farming services  
3 are related; or

4 (e) Person who participates in the federal conservation reserve  
5 program or its successor administered by the United States department  
6 of agriculture with respect to land enrolled in that program.

7 ~~((This))~~ (2) The exemption provided by this section shall not apply  
8 to any person selling ((such)) agricultural products at retail or to  
9 any person selling manufactured substances or articles.

10 ~~((This chapter shall also not apply to any persons who participate~~  
11 ~~in the federal conservation reserve program or its successor~~  
12 ~~administered by the United States department of agriculture with~~  
13 ~~respect to land enrolled in that program.))~~

14 (3) The definitions in this subsection apply throughout this  
15 section.

16 (a) "Custom farming services" means the performance of specific  
17 farming operations through the use of any farm machinery or equipment,  
18 farm implement, or draft animal, together with an operator, when: (i)  
19 The specific farming operation consists of activities directly related  
20 to the growing, raising, or producing of any agricultural product to be  
21 sold or consumed by a farmer; and (ii) the performance of the specific  
22 farming operation is for, and under a contract with, or the direction  
23 or supervision of, a farmer. "Custom farming services" does not  
24 include the custom application of fertilizers, chemicals, or  
25 biologicals unless the custom applicator is related to the person for  
26 whom the service is rendered.

27 For the purposes of this subsection (3)(a), "specific farming  
28 operation" includes specific planting, cultivating, or harvesting  
29 activities, or similar specific farming operations. The term does not  
30 include veterinary services as defined in RCW 18.92.010; farrier,  
31 boarding, training, or appraisal services; artificial insemination or  
32 stud services, agricultural consulting services; packing or processing  
33 of agricultural products; or pumping or other waste disposal services.

34 (b) "Farm management services" means the consultative decisions  
35 made for the operations of the farm including, but not limited to,  
36 determining which crops to plant, the choice and timing of application  
37 of fertilizers and chemicals, the horticultural practices to apply, the  
38 marketing of crops and livestock, and the care and feeding of animals.

1        (c) "Related" means having any of the relationships specifically  
2 described in section 267(b)(1) through (13) of the Internal Revenue  
3 Code, as amended or renumbered as of January 1, 2007.

4        NEW SECTION. Sec. 2. A new section is added to chapter 82.16 RCW  
5 to read as follows:

6        (1) This chapter shall not apply to any person hauling agricultural  
7 products or farm machinery or equipment for a farmer or for a person  
8 performing custom farming services, when the person providing the  
9 hauling and the farmer or person performing custom farming services are  
10 related.

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

15        (3) The definitions in RCW 82.04.213 and 82.04.330 apply to this  
16 section.

17        NEW SECTION. Sec. 3. This act is necessary for the immediate  
18 preservation of the public peace, health, or safety, or support of the  
19 state government and its existing public institutions, and takes effect  
20 July 1, 2007.

--- END ---