

Please Support HB 2469/SB 6157

Issue: House Bill 2469 (Lytton) and Senate Bill 6157 (Hatfield) concern a tax exemption for certain hazardous substances defined under RCW 82.21.020(1)(c) that are used as agricultural crop protection products and warehoused but not otherwise used, manufactured, packaged, or sold in the State of Washington. *The Bill seeks to exempt only agricultural crop protection products that are shipped into Washington State, warehoused in the state and ultimately shipped and sold out of Washington State from the hazardous substance tax.*

Background: RCW 82.21.040 created a hazardous tax imposed upon crop protection products brought into the state to be warehoused that were in most cases unsold at the time of delivery. Strategic locations for warehouses within the state made the products readily available for sale and delivery within a short time depending upon the farmers crop needs. Sales commonly are made to a retailer who delivers the product and either aids in the application or provides the custom application.

Discussion: The unintended consequences of RCW 82.21.040 are that critical crop protection products are no longer readily available since products are now warehoused in adjoining states at a greater distance from the growing regions within Washington State. This logistical challenge delays the delivery of said products which could allow crop diseases and crop competition to increase exponentially. As a result, a farmer may require more products to be used at a higher cost in order to avoid lower crop yields.

Crop Production product usage is determined by a number of variables ranging from market considerations to weather, farm programs, etc. Suppliers are reluctant to ship products into a warehouse for a potential sale and incur the hazardous substance tax when an unsold product may need to be relocated to another state where a potential sale is more likely. The result is that the cost of the product has been increased, more products must be used by the farmer and the yield may be limited due to the unpredictability of product availability.

From an environmental perspective, Washington's laws are better than surrounding states. Washington's policy makers should encourage the storage of agricultural inputs in Washington State because it is safer and more secure. Adequate and timely product inventories avoid product substitution. The environment benefits when the right product is used at the right time, using the right rate.

Solution: HB 2469/SB 6157 exempts from the hazardous substance tax only agricultural crop protection products that are shipped into Washington State, warehoused in the State, and sold out of Washington State. It remedies the logistical issues related to a timely delivery of critical crop inputs. It helps avoid potential losses in yields, reduces product usage and retains labor and commerce revenue within the state.

The Far West Agribusiness Association is in support of HB 2469/SB 6157.

