

TAXATION OF AGRICULTURE

The following chart describes some categories of major purchases and activities by farmers and provides the tax liability for each item.

It should be noted the titles below are only general references and that many of the exemptions listed have statutory requirements that must be met before a farmer is eligible for the exemption. For additional information about these exemptions and other tax treatments, please refer to the statutes listed on page 3.

Property Tax

Description	Tax Liability (property tax)
Agricultural land	Current use valuation
Value of crops grown on agricultural land	Exempt
Agricultural equipment	Exempt from state levy beginning in 2003
Equipment used more than half the time to reduce field burning	Exempt from state and local levies until 2006

Business Activities by Farmers and Others

Description	Tax Liability (B&O tax)
Agricultural production (growing of crops)	Exempt
Fish Cleaning	Exempt
Wholesale sales of agricultural products <ul style="list-style-type: none"> • By farmers • By other businesses 	Exempt Wholesaling (0.484%)
Wholesale buying and selling certain grains	Exempt
Conditioned seed sales	Exempt
Sales of processed hops	Exempt
Hatching eggs	Exempt
Processing flour, etc.	Special rate (0.138%)
Manufacturing seafood	Special rate (0.138%)
Manufacturing fresh fruits and vegetables	Special rate (0.138%)
Manufacturing dairy products	Special rate (0.138%)
Splitting peas	Special rate (0.138%)
Breaking, slaughtering, and processing perishable meat	Special rate (0.138%)
Storage warehousing	Special rate (0.484%)
Processing out-of-state seafood	Wholesaling (0.484%)
Hay cubing for persons other than farmers	Wholesaling (0.484%)
Farming for hire	Service (1.5%)
Horticultural services for farmers	Service (1.5%)

Sales by Farmers

Description	Tax Liability (Sales tax)
Food for human consumption	Exempt
Pollen	Exempt
Feed to other farmers	Exempt

Purchases by Farmers

Description	Tax Liability (Sales tax)
Livestock	Exempt
Poultry	Exempt
Semen	Exempt
Horticultural services	Exempt
Feed, seed, fertilizer, etc.	Exempt
Fish food	Exempt
Feed for livestock at market	Exempt
Pollen	Exempt
Animal pharmaceuticals	Exempt
Horticultural packaging for agricultural products for sale (twine)	Exempt
Propane for chicken coops	Exempt
Chicken bedding	Exempt
Property purchased at public auctions	Exempt
Equipment purchased by nonresident farmers	Exempt
Farm worker housing	Exempt
Dairy nutrient management equipment	Exempt
Equipment for farm operations <ul style="list-style-type: none"> • Most equipment • Equipment used more than half the time to reduce field burning 	Taxable Exempt
Equipment for manufacturing activities (e.g. wineries)	Exempt

Statutory references:

Property:

Agricultural land	RCW 84.34.020
Growing crops	RCW 84.40.030
Agricultural equipment	RCW 84.36.630
Field Burning equipment	RCW 84.36.580

Business Activities:

Agricultural production	RCW 82.04.120
Fish cleaning	RCW 82.04.2403
Wholesale sales	RCW 82.04.330
Conditioned seed sales	RCW 82.04.331
Wholesale buying and selling grain	RCW 82.04.332
Sales of hops	RCW 82.04.337
Hatching eggs	RCW 82.04.410
Processing flour, etc.	RCW 82.04.260
Manufacturing seafood	RCW 82.04.260
Manufacturing fruits and vegetables	RCW 82.04.260
Manufacturing dairy products	RCW 82.04.260
Splitting peas	RCW 82.04.260
Processing meat	RCW 82.04.260
Storage warehousing	RCW 82.04.280
Processing out of state seafood	RCW 82.04.120
Hay cubing	RCW 82.04.120

Sales by Farmers:

Sales of food for human consumption	RCW 82.08.0293
Sales of pollen	RCW 82.08.0277

Purchases by Farmers:

Livestock	RCW 82.08.0259
Poultry	RCW 82.08.0267
Semen	RCW 82.08.0272
Horticultural services	RCW 82.04.050
Feed, seed, fertilizer, etc.	RCW 82.04.050
Fish food	RCW 82.08.0294
Feed for livestock at market	RCW 82.08.0296
Pollen	RCW 82.08.0277
Animal pharmaceuticals	RCW 82.08.880
Horticultural packaging	RCW 82.08.0311
Propane for chicken coops	RCW 82.08.910
Chicken bedding	RCW 82.08.920
M&E auction sales	RCW 82.08.0257
M&E sales to nonresidents	RCW 82.08.0268
Farm worker housing	RCW 82.08.02745
Field burning equipment	RCW 82.08.840
Dairy nutrient management M&E	RCW 82.08.890