

## Limit sales tax exemption for fertilizers, sprays, or washes sold to farmers to organic products only

### Description

This proposal would impose sales tax on purchases of:

- Fertilizers and spray materials by farmers; and
- Chemical sprays or washes for the postharvest treatment of fruit.

Only purchases of fertilizers spray materials, and chemical sprays or washes registered as an organic product on the Washington State Department of Agriculture's (WSDA) brand name material list would remain exempt from sales tax.

### Current Law

A sales tax exemption exists for:

- Sales to farmers and certain other persons (e.g., wetlands reserve program participants) of fertilizer and spray materials (pesticides); and
- Sales of chemical sprays and washes for the postharvest treatment of fruit.

The WSDA administers the state's participation in the federally-established National Organic Program (NOP). The NOP requires all certified organic producers, processors, and handlers to use only materials that comply with the National List established by the United States Department of Agriculture (USDA).

### Revenue Impact

General Fund Impacts (\$ millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$40.9	\$40.9

*Notes:*

- *Estimates assume a July 1, 2012 effective date, representing 11 months of collections for FY 2013.*
- *Estimates reflect the September 2011 Economic & Revenue Forecast Council revenue forecast.*

### Expenditure Impact

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$16,600	\$10,700	\$27,300