

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

**Description**

This proposal would impose sales tax on purchases of:

1. Fertilizers and spray materials by farmers; and
2. 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):

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
1,700	\$ -	\$ 53.5	\$ 53.5	\$ 61.3	\$ 64.3	\$ 125.6

Notes:

- Estimates assume a July 1, 2016 effective date, representing 11 months of collections for FY 2017.
- Estimates reflect the November 2015 Economic & Revenue Forecast Council revenue forecast.

**Expenditure Impact**

FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
\$ 9,500	\$ -	\$ 9,500	\$ -	\$ -	\$ -