
HOUSE BILL 1604

State of Washington

68th Legislature

2023 Regular Session

By Representatives Corry and Springer

1 AN ACT Relating to providing a retroactive business and
2 occupation tax exemption for custom farming; and amending RCW
3 82.04.758.

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

5 **Sec. 1.** RCW 82.04.758 and 2022 c 119 s 1 are each amended to
6 read as follows:

7 (1) This chapter does not apply to any:

8 (a) Person performing custom farming services for a farmer, when
9 the person performing the custom farming services is: (i) An eligible
10 farmer; or (ii) at least 50 percent owned by an eligible farmer; or

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

19 (2) This section applies retroactively to December 31, 2020, and
20 prospectively.

1 (3) (a) Persons who paid taxes after December 30, 2020, but before
2 the effective date of this section who would otherwise have been
3 eligible for the tax exemption authorized in this section are
4 entitled to a credit for any taxes paid that would not have been owed
5 had this exemption been authorized.

6 (b) Any person claiming a credit under this subsection (3) must
7 file a form prescribed by the department that includes the amount of
8 credit claimed, the time period for which the credit is claimed, and
9 any other information required by the department.

10 (c) The credit must be equal to the amount of taxes paid after
11 December 30, 2020, but prior to the effective date of this section by
12 a person that would have been exempt from taxes if the exemption
13 provided in subsection (1) of this section had been available.

14 (d) Any unused credits may be carried over for subsequent years
15 until used by the person; however, no refunds may be granted for
16 credits under this section.

17 (4) The definitions in this subsection apply throughout this
18 section unless the context clearly requires otherwise.

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

30 (ii) For the purposes of this subsection (~~(+2)~~) (4) (a),
31 "specific farming operation" includes specific planting, cultivating,
32 or harvesting activities, or similar specific farming operations. The
33 term does not include veterinary services as defined in RCW
34 18.92.010; farrier, boarding, training, or appraisal services;
35 artificial insemination or stud services, or agricultural consulting
36 services; packing or processing of agricultural products; or pumping
37 or other waste disposal services.

38 (b) "Eligible farmer" means a person who is eligible for an
39 exemption certificate under RCW 82.08.855 at the time that the custom

1 farming services are rendered, regardless of whether the person has
2 applied for an exemption certificate under RCW 82.08.855.

3 (c) "Farm management services" means the consultative decisions
4 made for the operations of the farm including, but not limited to,
5 determining which crops to plant, the choice and timing of
6 application of fertilizers and chemicals, the horticultural practices
7 to apply, the marketing of crops and livestock, and the care and
8 feeding of animals. "Farm management services" does not include any
9 services related to the growing, raising, or producing of
10 (~~marijuana~~) cannabis.

11 (d) "Related" means having any of the relationships specifically
12 described in section 267(b) (1), (2), and (4) through (13) of the
13 internal revenue code, as amended or renumbered as of January 1,
14 2007.

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