

**RCW 82.04.4268 Exemptions—Dairy product businesses. (Expires July 1, 2035.)** (1) (a) In computing tax there may be deducted from the measure of tax, the value of products or the gross proceeds of sales derived from:

(i) Manufacturing dairy products; or

(ii) Except as provided otherwise in (b) of this subsection, selling dairy products manufactured by the seller to purchasers who either transport in the ordinary course of business the goods out of this state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product. A person taking an exemption under this subsection (1)(a)(ii) must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(b) The exemption provided under (a)(ii) of this subsection does not apply to the sales of dairy products on or after July 1, 2025, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product.

(2) "Dairy products" has the same meaning as provided in RCW 82.04.260.

(3) A person claiming the exemption provided in this section must file a complete annual tax performance report with the department under RCW 82.32.534.

(4) This section expires July 1, 2035. [2023 c 422 s 2; 2020 c 139 s 6; 2015 3rd sp.s. c 6 s 203; 2013 2nd sp.s. c 13 s 204; 2012 2nd sp.s. c 6 s 202; 2010 c 114 s 112; 2006 c 354 s 1.]

**Tax preference performance statement—2023 c 422 ss 2-5:** "(1) This section is the tax preference performance statement for the tax preferences contained in sections 2 through 5, chapter 422, Laws of 2023. This performance statement is only intended to be used for subsequent evaluation of the tax preferences. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes these tax preferences as ones intended to create or retain jobs and provide tax relief for certain businesses or individuals as indicated in RCW 82.32.808(2) (c) and (e).

(3) It is the legislature's specific public policy objective to create and retain jobs and continue providing tax relief to the food processing industry.

(4) To measure the effectiveness of the exemptions in sections 2 through 5 of this act in achieving the public policy objectives described in subsection (3) of this section, the joint legislative audit and review committee must evaluate the following:

(a) The number of businesses that claim the exemptions in sections 2 through 5 of this act;

(b) The change in total taxable income for taxpayers claiming the exemptions under sections 2 through 5 of this act;

(c) The change in total employment for taxpayers claiming the exemptions under sections 2 through 5 of this act; and

(d) For each calendar year, the total amount of exemptions claimed under sections 2 through 5 of this act as a percentage of total taxable income for taxpayers within taxable income categories.

(5) The information provided in the annual report submitted by the taxpayers under RCW 82.32.534, tax data collected by the department of revenue, and data collected by the employment security department is intended to provide the informational basis for the evaluation under subsection (4) of this section.

(6) In addition to the data sources described under subsection (5) of this section, the joint legislative audit and review committee may use any other data it deems necessary in performing the evaluation under subsection (4) of this section." [2023 c 422 s 1.]

**Effective dates—2015 3rd sp.s. c 6:** See note following RCW 82.04.4266.

**Tax preference performance statement—2015 3rd sp.s. c 6 ss 202–205:** See note following RCW 82.04.4266.

**Intent—2013 2nd sp.s. c 13:** See note following RCW 82.04.260.

**Effective date—2013 2nd sp.s. c 13:** See note following RCW 82.04.43393.

**Existing rights, liabilities, or obligations—Effective dates—Contingent effective dates—2012 2nd sp.s. c 6:** See notes following RCW 82.04.29005.

**Application—Finding—Intent—2010 c 114:** See notes following RCW 82.32.534.

**Effective dates—2006 c 354:** "(1) Except as otherwise provided in this section, this act takes effect July 1, 2006.

(2) Sections 6 through 9 and 11 of this act take effect July 1, 2007.

(3) Sections 12 and 13 of this act take effect July 1, 2012." [2006 c 354 s 18.]