

Livestock Nutrient Management Equipment

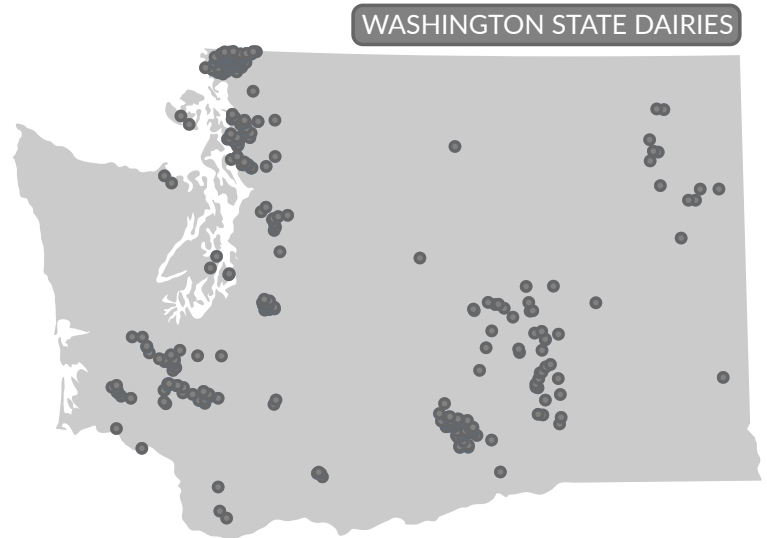
2020 JLARC TAX PREFERENCE REVIEW

Estimated 2021-23 beneficiary savings: \$266,000 - \$1 million

Sales and Use Tax

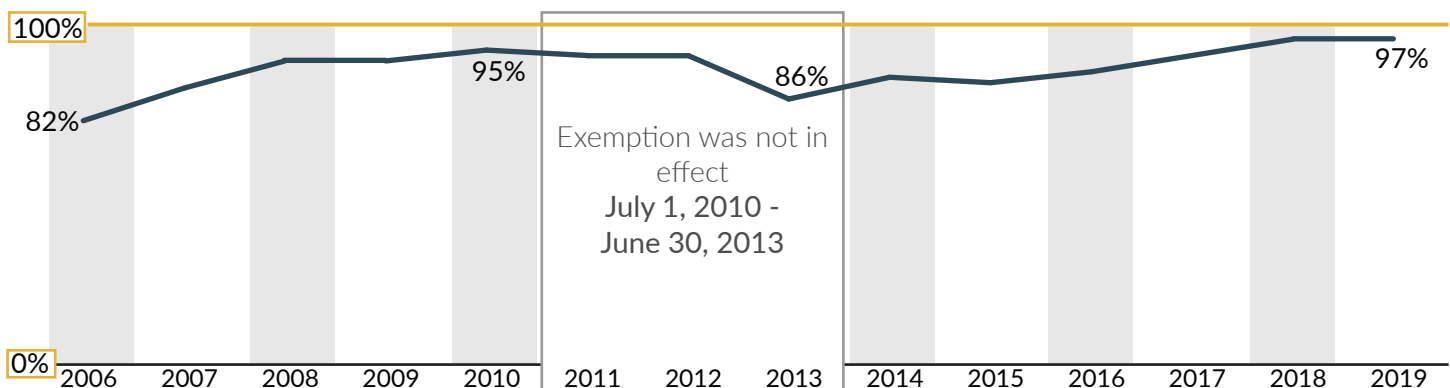
Preference reduces costs for dairies and animal feeding operations to manage manure with intent to protect water quality

Dairies and animal feeding operations (AFOs) do not pay sales or use tax on certain equipment they purchase to manage livestock manure.



Dairies with approved plans have increased from 82% in 2006 to 97% in 2019

The Dairy Nutrient Management Act requires Washington dairies to have an individualized plan in place to treat their nutrients. Some AFOs choose to do so as well. The preference reduces costs for dairies and some AFOs to maintain and follow their plans.



Unclear if preference has helped to improve water quality in areas with high concentrations of dairies

Long-term river and stream water quality data indicates that water quality has primarily remained in the moderate range of three classifications (i.e., good, moderate, and poor) since 2001. It is unclear to what extent the preference has influenced those levels.

LEGISLATIVE AUDITOR'S RECOMMENDATION

Continue

The Legislature should continue the preference because it is helping dairies and animal feeding operations implement their nutrient management plans. The preference is one of many efforts to help maintain and improve water quality in Washington. If the Legislature wants more accurate information on the size of the beneficiary savings, it should require the Department of Revenue to collect data on qualifying sales.

The complete report is on the JLARC web site: www.leg.wa.gov/jlarc

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