PRELIMINARY REPORT:
2023 TAX PREFERENCE PERFORMANCE REVIEWS

Hazardous Substance Tax Exemption for Pesticides Sold Out of State

LEGISLATIVE AUDITOR'S CONCLUSION:

Preference is for businesses that store and transport agricultural pesticides sold out of state. Total hazardous substance tax revenue has increased, but likely not due to the preference.

July 2023

Executive Summary

The preference exempts certain pesticides from the hazardous substance tax. Eligible products must be stored in or transported through Washington, then sold out of state.

Estimated Biennial Beneficiary Savings
$319,000 (2023-25 biennium)
Tax Type
Hazardous Substance Tax
RCW 82.21.040(5)
Applicable Statutes

Washington levies a tax on hazardous substances, including petroleum products, certain pesticides, and certain chemicals. Agricultural crop protection products (pesticides) are chemicals used to prevent or control predators, diseases, weeds, or other pests. This tax preference provides an exemption from the hazardous substance tax (HST) for pesticides that are stored in or transported through Washington prior to sale out of state. Eligible pesticides may not be manufactured, packaged, sold, or used in Washington.

The exemption went into effect in 2016 and is scheduled to expire on January 1, 2026.

Total hazardous substance tax revenue has increased, but likely not due to the preference

When creating the tax preference, the Legislature stated that the state's hazardous substance tax was driving businesses to store pesticides out of state, threatening Washington's position as an agricultural distribution hub for the Pacific Northwest, and leading to job and revenue losses.

The Legislature stated that the intent of this preference was to incentivize agricultural pesticide storage in Washington. It also stated it would extend the preference if a review found an increase in average HST revenue from all products subject to the tax.

Objectives	Results
To improve industry competitiveness by incentivizing pesticide storage in Washington when products are sold out of state.	**Met**. The preference provides tax relief to Washington businesses distributing pesticides to other states by reducing storage costs. This makes Washington a more competitive location for storing and distributing pesticides in the Pacific Northwest.
To increase total hazardous substance tax revenue.	**Likely not met**. This metric was established before the Legislature changed the tax rate for liquid petroleum products, leading to a significant increase in HST revenue. JLARC staff found that the preference likely had no effect on the revenue increase.

Recommendations

Legislative Auditor's Recommendation: Continue and modify

The Legislature should continue and modify the preference. The preference improves industry competitiveness by providing tax relief to Washington businesses that store or transport pesticides sold out of state. The Legislature should consider new metrics to evaluate the preference in light of 2019 changes to hazardous substance tax or recategorize the preference as one intended to provide tax relief.

You can find more information in Recommendations.

Commissioners' Recommendation

Available on Citizen Commission website October 2023.

Update, July 2023

- *The scale on Exhibit 3.1 was corrected.*

1. Preference exempts certain pesticides from hazardous substance tax

The preference exempts certain crop protection products from the hazardous substance tax. Eligible products must be stored in or transported through Washington, and then shipped and sold out of state.

The preference exempts pesticides from the hazardous substance tax when the pesticides are stored in Washington and sold out of state

Washington's hazardous substance tax (HST) was established in 1988. The tax applies to the first possession of hazardous substances, including petroleum products, certain pesticides, and certain chemicals. Until 2020, the tax rate for any hazardous substance was 0.7% of its wholesale value (see Section 3 for rate changes).

The 2015 Legislature enacted a tax preference to exempt agricultural crop protection products (pesticides) from the HST. These products are chemicals used to prevent or control diseases, weeds, or other pests. Under the preference, pesticides warehoused in Washington or transported to or from Washington are exempt from the state's hazardous substance tax, as long as they are not manufactured, packaged, sold, or used in the state.

The exemption is scheduled to expire on January 1, 2026.

The preference is intended to incentivize pesticide storage in Washington

The 2015 Legislature noted that Washington's HST tax burden could cause businesses to move their pesticide products to out of state distribution centers. The Legislature stated that transporting pesticides out of state for distribution negatively affects the state's economy through the loss of jobs and HST revenue.

The Legislature created this preference to improve industry competitiveness by incentivizing businesses to store pesticides in Washington. It indicated that exempting pesticides from HST would encourage businesses to store more hazardous substances in Washington, including substances that are subject to the HST. As a result, the state's overall HST revenue would increase.

The Legislature intends to extend the preference's expiration date if average HST revenue increases.

2. Preference has few beneficiaries

Few businesses use the preference, with average total savings of $305,000 per year

JLARC staff analyzed tax return data from the Department of Revenue (DOR) to determine the number of businesses claiming the preference and the value of the beneficiary savings.

Seven businesses claimed the preference between 2016 and 2022. Beneficiary savings peaked at $490,000 in 2018.

In total, seven businesses claimed the preference between 2016 and 2022. Three businesses claimed the preference in 2022, down from five in 2017 through 2020.

Total beneficiary savings averaged $305,000 per year from 2016 through 2022 (excluding 2021). Average annual savings per beneficiary was $66,158 during the same period.

To estimate future beneficiary savings, JLARC staff used projected revenue growth data from the Department of Revenue. Based on those forecasts, JLARC staff estimate that beneficiary savings will increase in the future.

Exhibit 2.1: Beneficiary savings declined since peaking in 2018-19 and are estimated to increase during the next two biennia

Biennium	Fiscal year	Number of beneficiaries	Estimated beneficiary savings
2015-17 *7/1/15- 6/30/17*	2016	4	$248,000
	2017	5	$351,000
2017-19 *7/1/17- 6/30/19*	2018	5	$490,000
	2019	5	$489,000
2019-21 *7/1/19- 6/30/21*	2020	5	$113,000
	2021	Fewer than 3	Not disclosable
2021-23 *7/1/21- 6/30/23*	2022	3	$139,000
	2023	N/A	$145,000

Biennium	Fiscal year	Number of beneficiaries	Estimated beneficiary savings
2023-2025 *7/1/23- 6/30/25*	2024	N/A	$144,000
	2025	N/A	$175,000
2025-27 *7/1/25- 6/30/27*	2026	N/A	$80,000
	2027	N/A	$0
	2025-27 biennium		$80,000

Source: JLARC staff analysis of DOR tax return data and DOR forecast for the Model Toxics Capital Account. 2021 data is not disclosable due to fewer than three beneficiaries claiming the preference. Preference is scheduled to expire January 1, 2026.

This JLARC assignment included questions about racial equity. JLARC staff were unable to assess the preference's impact on racial equity.

JLARC staff considered two questions related to the preference's impact on racial equity:

1. What are the racial and ethnic characteristics of the beneficiaries using the preference?

- All seven beneficiaries are corporate entities. None are certified by the Office of Minority & Women's Business Enterprises.

2. Have there been any unintended consequences of storing exempt products, and what are the racial and ethnic characteristics of those affected?

- Beneficiaries did not respond to JLARC staff's requests for interviews. Beneficiaries may have multiple locations in Washington, and the state does not collect data on where the businesses store exempt products. As a result, JLARC staff were unable to determine the effect of pesticide storage on racial equity in locations where pesticides are stored.

3. Likely no effect on tax revenue

The preference likely has not met the goal of increasing total hazardous substance tax revenue

When the Legislature passed the preference in 2015, it stated that it would extend the expiration date "if a review finds an average increase in revenue of the hazardous substance tax (HST)." Testimony in support of the preference suggested that the preference would encourage businesses to store more hazardous substances in Washington, and that the loss of HST revenue from the preference would be offset by additional revenue generated from the storage of hazardous substances that are not exempt from the preference.

JLARC staff found that total HST revenue has increased, but the preference likely had no effect on this trend. Instead, HST revenue increased with a change in the tax rate for liquid petroleum products.

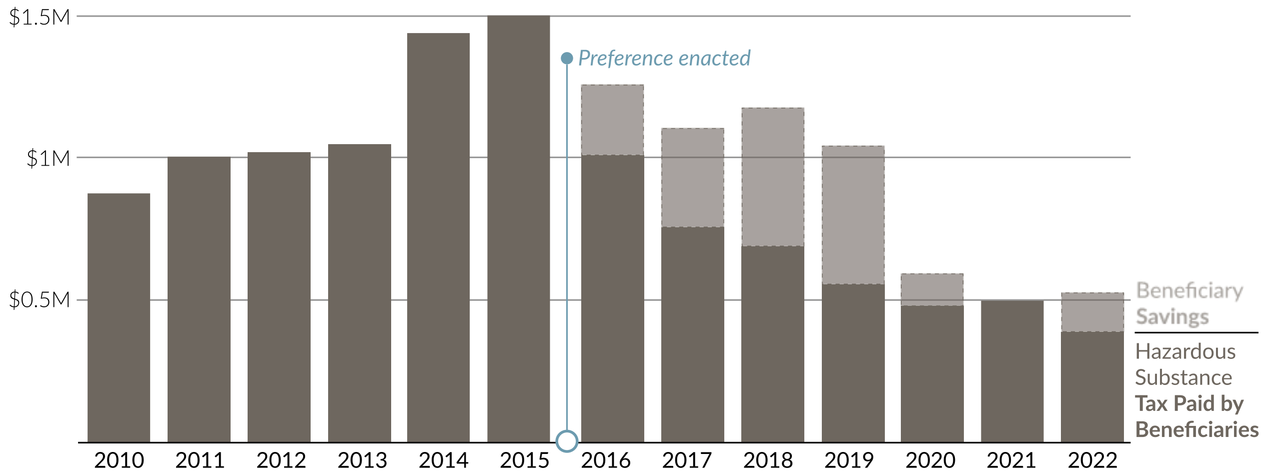
Beneficiaries' hazardous substance tax decreased by 74%, from $1.5 million to $388,00 between 2015 and 2022

The preference provides an exemption from the state's HST for pesticides stored in or transported through Washington when the products are sold out of state. Beneficiaries pay HST on pesticides sold in Washington and on other hazardous substances.

JLARC staff analyzed the amount of HST beneficiaries paid from 2016 to 2022. Beneficiaries paid $1.5 million in HST in fiscal year 2015, the year before the preference went into effect. Since 2016, the amount beneficiaries paid in HST decreased each year. In 2022, beneficiaries paid $388,000 in HST, a 74% decline from 2015.

The decline in beneficiaries' HST is not attributable to savings from the tax preference. As shown in Exhibit 3.1, beneficiaries' HST payments would have declined even when the savings from the preference are included. Because beneficiaries did not respond to JLARC staff's requests for interviews and information, it is not possible to determine why beneficiary HST payments have declined.

Exhibit 3.1: Beneficiaries pay less HST than they did before the preference was created



Source: JLARC staff analysis of DOR tax return data. 2021 data is not disclosable due to fewer than three beneficiaries claiming the preference.

The 2019 Legislature changed the tax rate for liquid petroleum products, increasing total HST revenue from all taxpayers

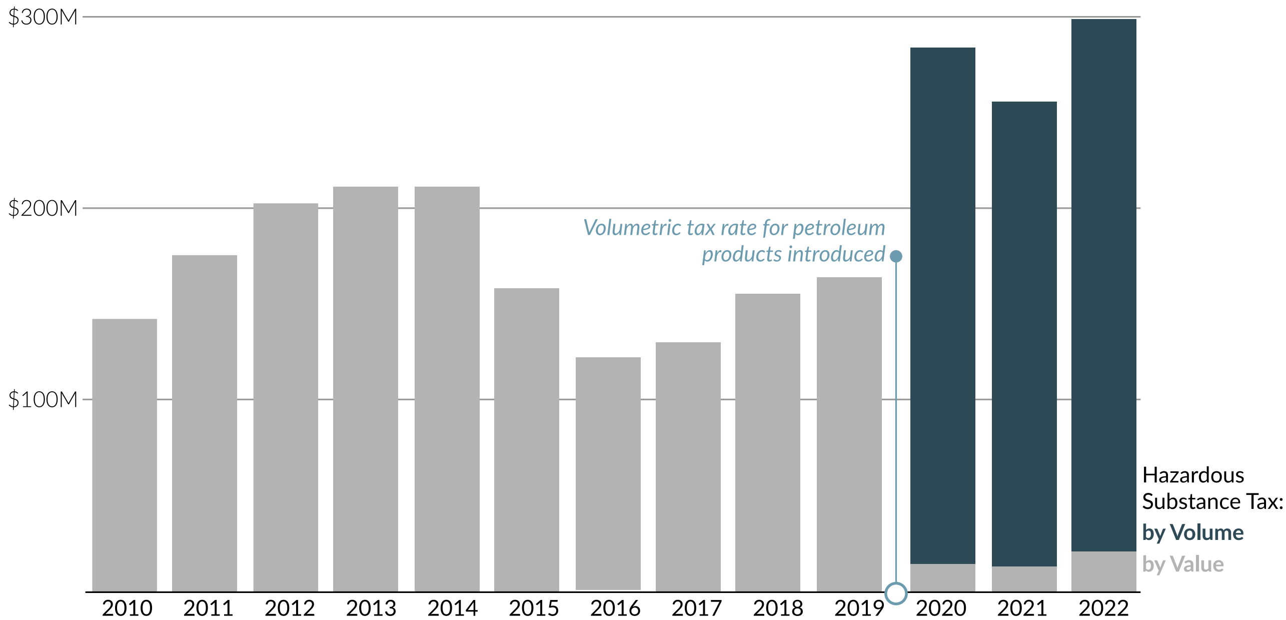
The 2019 Legislature changed the HST rate for liquid petroleum products from a value-based tax to a volumetric one (i.e., per barrel). For fiscal year 2023, the tax rate on petroleum products was $1.20 per barrel. Non-liquid petroleum products and all other hazardous substances continue to be taxed at 0.7% of their wholesale value.

Compared to 2019, annual HST revenue increased by 56-82% in 2020, 2021, and 2022 (Exhibit 3.2). Taxes on liquid petroleum products accounted for 94% of total HST revenue from 2020-22.

Volumetric rate increased tax on petroleum

The volumetric rate is a net tax increase on liquid petroleum products. To generate $1.20 per barrel in taxes under the value-based rate, the average annual price of crude oil would need to be $171.43 per barrel. The average cost of crude oil was $85 per barrel in fiscal year 2022.

Exhibit 3.2: HST revenue increased with the introduction of a volumetric tax rate for liquid petroleum products



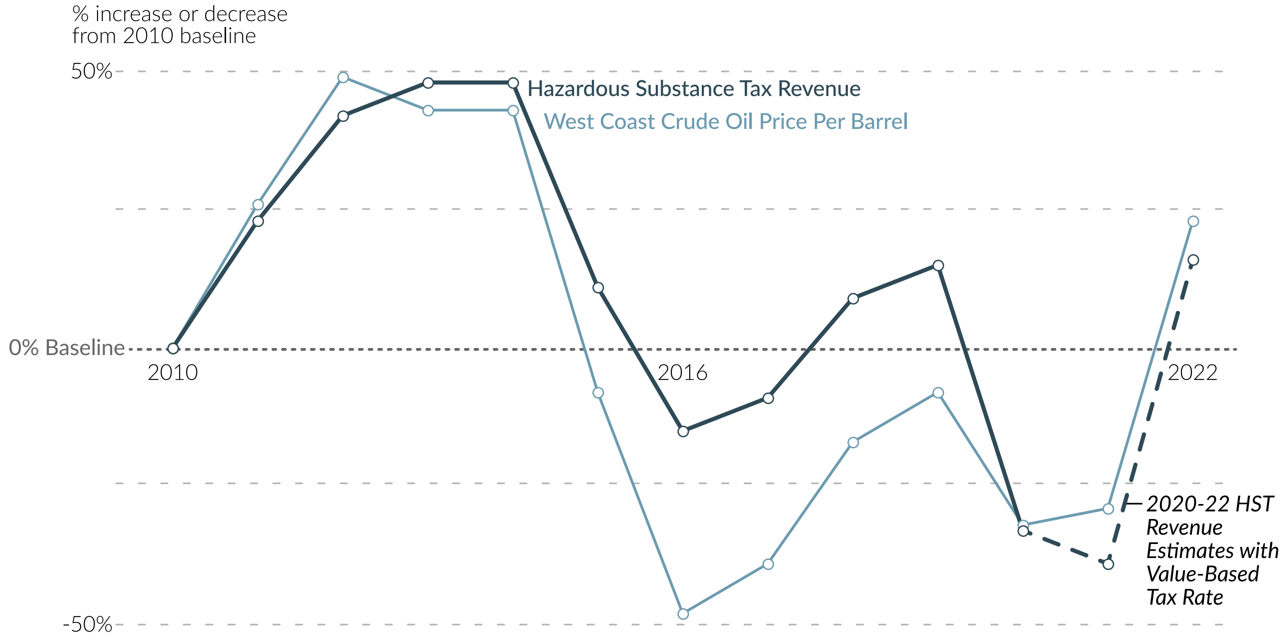
Source: JLARC staff analysis of DOR data.

Prior to the rate change, annual HST revenue depended on crude oil prices

In switching to a volumetric tax rate for petroleum, the Legislature stated its intent to eliminate year-to-year fluctuations in HST revenue.

JLARC staff estimated total HST revenue if the 2019 volumetric rate change had not gone into effect. Using average annual crude oil prices, staff calculated HST revenue for petroleum products using the value-based tax rate for fiscal years 2020-22. HST revenue would have decreased in fiscal years 2020-21 and increased in 2022. These fluctuations are attributable to changes in the price of crude oil, as shown in Exhibit 3.3.

Exhibit 3.3: Under the value-based tax rate, HST revenue was tied to crude oil prices



Source: JLARC staff analysis of data from DOR and the U.S. Energy Information Administration.

HST revenue increase likely not attributable to tax exemption

The Legislature intends to extend the preference's expiration date if average annual HST revenue increases. JLARC staff found that while beneficiaries pay less HST, total HST revenue has increased (see Exhibit 3.2). However, the revenue increase likely is attributable to the tax rate change for liquid petroleum products, rather than to the exemption for pesticide storage.

4. Public policy objective met

The preference incentivizes pesticide storage in Washington over Oregon and Idaho

The preference is intended to improve industry competitiveness by incentivizing pesticide storage in Washington when products are sold out of state.

The preference reduces the cost of storing products in Washington relative to Oregon and Idaho

JLARC staff examined applicable agricultural pesticide taxes in Idaho and Oregon. These states are likely destinations for pesticides stored in Washington because pesticides must be located close to the farms that use them.

- **Oregon** taxes pesticides through its hazardous substance possession fee. Pesticides possessed by agricultural operators are exempt. There is no exemption for products stored in Oregon and shipped out of state.
- **Idaho** does not have a hazardous substance tax. There is no tax on products stored in Idaho and shipped out of state.

By providing tax relief, the HST exemption makes Washington a more competitive location for storing and distributing pesticides in the Pacific Northwest. However, JLARC staff were unable to determine whether the preference has led to increased pesticide storage in Washington.

5. Applicable statutes

RCW 82.21 and tax preference performance statement

Intent of pollution tax—Intent of model toxics control reform act.

RCW 82.21.010

1. It is the intent of this chapter to impose a tax only once for each hazardous substance possessed in this state and to tax the first possession of all hazardous substances, including substances and products that the department of ecology determines to present a threat to human health or the environment. However, it is not intended to impose a tax on the first possession of small amounts of any hazardous substance (other than petroleum and pesticide products) that is first possessed by a retailer for the purpose of sale to ultimate consumers. This chapter is not intended to exempt any person from tax liability under any other law.
2. It is the specific purpose of the model toxics control reform act (chapter 422, Laws of 2019) to update the model toxics control program and its primary funding mechanism. These reforms are intended to achieve the financial stability, transparency, and long-term protection of revenues. Specifically, this reform act makes the following changes:

a. Increases funding for programs and projects related to clean air, clean water, toxic cleanup, and prevention, with specific focus on stormwater pollution;
b. Provides distinct and transparent financial separation of capital and operating budget funding under the model toxics control program;
c. Improves the transparency and visibility of operating and capital project expenditures under the model toxics control program; and
d. Eliminates the year-to-year volatility of hazardous substance tax revenues by moving to a volumetric rate for petroleum products.

Definitions.

RCW 82.21.020

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

1. "Hazardous substance" means:
    a. Any substance that, on March 1, 2002, is a hazardous substance under section 101(14) of the federal comprehensive environmental response, compensation, and liability act of 1980, 42 U.S.C. Sec. 9601(14), as amended by Public Law 99-499 on October 17, 1986, except that hazardous substance does not include the following noncompound metals when in solid form in a particle larger than one hundred micrometers (0.004 inches) in diameter: Antimony, arsenic, beryllium, cadmium, chromium, copper, lead, nickel, selenium, silver, thallium, or zinc;
    b. Petroleum products;
    c. Any pesticide product required to be registered under section 136a of the federal insecticide, fungicide and rodenticide act, 7 U.S.C. Sec. 136 et seq., as amended by Public Law 104-170 on August 3, 1996; and
    d. Any other substance, category of substance, and any product or category of product determined by the director of ecology by rule to present a threat to human health or the environment if released into the environment. The director of ecology shall not add or delete substances from this definition more often than twice during each calendar year. For tax purposes, changes in this definition shall take effect on the first day of the next month that is at least thirty days after the

effective date of the rule. The word "product" or "products" as used in this paragraph (d) means an item or items containing both: (i) One or more substances that are hazardous substances under (a), (b), or (c) of this subsection or that are substances or categories of substances determined under this paragraph (d) to present a threat to human health or the environment if released into the environment; and (ii) one or more substances that are not hazardous substances.

2. "Petroleum product" means plant condensate, lubricating oil, gasoline, aviation fuel, kerosene, diesel motor fuel, benzol, fuel oil, residual oil, liquefied or liquefiable gases such as butane, ethane, and propane, and every other product derived from the refining of crude oil, but the term does not include crude oil.
3. "Possession" means the control of a hazardous substance located within this state and includes both actual and constructive possession. "Actual possession" occurs when the person with control has physical possession. "Constructive possession" occurs when the person with control does not have physical possession. "Control" means the power to sell or use a hazardous substance or to authorize the sale or use by another.
4. "Previously taxed hazardous substance" means a hazardous substance in respect to which a tax has been paid under this chapter and which has not been remanufactured or reprocessed in any manner (other than mere repackaging or recycling for beneficial reuse) since the tax was paid.
5. "Wholesale value" means fair market wholesale value, determined as nearly as possible according to the wholesale selling price at the place of use of similar substances of like quality and character, in accordance with rules of the department.
6. Except for terms defined in this section, the definitions in chapters 82.04, 82.08, and 82.12 RCW apply to this chapter.

Pollution tax.

RCW 82.21.030

1.
    a. A tax is imposed on the privilege of possession of hazardous substances in this state. Except as provided in (b) of this subsection, the rate of the tax is seven-tenths of one percent multiplied by the wholesale value of the substance. Moneys collected under this subsection (1)(a) must be deposited in the model toxics control capital account.

b. Beginning July 1, 2019, the rate of the tax on petroleum products is one dollar and nine cents per barrel. The tax collected under this subsection (1)(b) on petroleum products must be deposited as follows, after first depositing the tax as provided in (c) of this subsection, except that during the 2021-2023 biennium the deposit as provided in (c) of this subsection may be prorated equally across each month of the biennium:

   i. Sixty percent to the model toxics control operating account created under RCW 70A.305.180;

   ii. Twenty-five percent to the model toxics control capital account created under RCW 70A.305.190; and

   iii. Fifteen percent to the model toxics control stormwater account created under RCW 70A.305.200.

c. Until the beginning of the ensuing biennium after the enactment of an additive transportation funding act, $50,000,000 per biennium to the motor vehicle fund to be used exclusively for transportation stormwater activities and projects. For purposes of this subsection, "additive transportation funding act" means an act enacted after June 30, 2023, in which the combined total of new revenues deposited into the motor vehicle fund and the multimodal transportation account exceed $2,000,000,000 per biennium attributable solely to an increase in revenue from the enactment of the act.

d. The department must compile a list of petroleum products that are not easily measured on a per barrel basis. Petroleum products identified on the list are subject to the rate under (a) of this subsection in lieu of the volumetric rate under (b) of this subsection. The list will be made in a form and manner prescribed by the department and must be made available on the department's internet website. In compiling the list, the department may accept technical assistance from persons that sell, market, or distribute petroleum products and consider any other resource the department finds useful in compiling the list.

2. Chapter 82.32 RCW applies to the tax imposed in this chapter. The tax due dates, reporting periods, and return requirements applicable to chapter 82.04 RCW apply equally to the tax imposed in this chapter.

3. Beginning July 1, 2020, and every July 1st thereafter, the rate specified in subsection (1)(b) of this section must be adjusted to reflect the percentage change in the implicit price deflator for nonresidential structures as published by the United States department

of commerce, bureau of economic analysis for the most recent 12-month period ending December 31st of the prior year.

Exemptions.

RCW 82.21.040

The following are exempt from the tax imposed in this chapter:

1. Any successive possession of a previously taxed hazardous substance. If tax due under this chapter has not been paid with respect to a hazardous substance, the department may collect the tax from any person who has had possession of the hazardous substance. If the tax is paid by any person other than the first person having taxable possession of a hazardous substance, the amount of tax paid shall constitute a debt owed by the first person having taxable possession to the person who paid the tax.
2. Any possession of a hazardous substance by a natural person under circumstances where the substance is used, or is to be used, for a personal or domestic purpose (and not for any business purpose) by that person or a relative of, or person residing in the same dwelling as, that person.
3. Any possession of a hazardous substance amount which is determined as minimal by the department of ecology and which is possessed by a retailer for the purpose of making sales to ultimate consumers. This exemption does not apply to pesticide or petroleum products.
4. Any possession of alumina or natural gas.
5. *
    a. Any possession of a hazardous substance as defined in RCW 82.21.020(1)(c) that is solely for use by a farmer or certified applicator as an agricultural crop protection product and warehoused in this state or transported to or from this state, provided that the person possessing the substance does not otherwise use, manufacture, package for sale, or sell the substance in this state.
    b. The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.
        i. "Agricultural crop protection product" means a chemical regulated under the federal insecticide, fungicide, and rodenticide act, 7 U.S.C. Sec. 136 as

amended as of September 1, 2015, when used to prevent, destroy, repel, mitigate, or control predators, diseases, weeds, or other pests.

ii. "Certified applicator" has the same meaning as provided in RCW 17.21.020.

iii. "Farmer" has the same meaning as in RCW 82.04.213.

iv. "Manufacturing" includes mixing or combining agricultural crop protection products with other chemicals or other agricultural crop protection products.

v. "Package for sale" includes transferring agricultural crop protection products from one container to another, including the transfer of fumigants and other liquid or gaseous chemicals from one tank to another.

vi. "Use" has the same meaning as in RCW 82.12.010.

6. Persons or activities which the state is prohibited from taxing under the United States Constitution.

Notes: *Reviser's note:

Subsection (5) of this section expires January 1, 2026, pursuant to the automatic expiration date established in RCW 82.32.805(1)(a).

Notes: Tax preference performance statement—2015 3rd sp.s. c 6 § 1902

1. The legislature categorizes the tax preference in section 1902 of this act as one intended to improve industry competitiveness, as indicated in RCW 82.32.808(2)(b).
2. The legislature's specific public policy objective is to clarify an existing exemption from the hazardous substance tax for agricultural crop protection products to incentivize storing products in Washington state as they are engaged in interstate commerce. The legislature finds that the agricultural industry is a vital component of Washington's economy, providing thousands of jobs throughout the state. The legislature further finds that Washington state is the ideal location for distribution centers for agricultural crop protection products because Washington is an efficient transportation hub for Pacific Northwest farmers, and encourages crop protection products to be managed in the most protective facilities, and transported using the most sound environmental means. However, products being warehoused in the state are diminishing because agricultural crop protection products are being redirected to out-of-state distribution centers as a

direct result of Washington's tax burden. Relocation of this economic activity is detrimental to Washington's economy through the direct loss of jobs and hazardous substance tax revenue, thereby negatively impacting the supply chain for Washington farmers, thereby causing increased transportation usage and risk of spillage, thereby failing to encourage the most environmentally protective measures. Therefore, it is the intent of the legislature to encourage the regional competitiveness of agricultural distribution by clarifying an exemption from the hazardous substance tax for agricultural crop protection products that are manufactured out-of-state, warehoused or transported into the state, but ultimately shipped and sold out of Washington state.

3. If a review finds an average increase in revenue of the hazardous substance tax, then the legislature intends to extend the expiration date of the tax preference.
4. In order to obtain the data necessary to perform the review in subsection (3) of this section, the joint legislative audit and review committee may refer to data available from the department of revenue."

Tax preferences—Expiration dates.

RCW 82.21.045

See RCW 82.32.805 for the expiration date of new tax preferences for the tax imposed under this chapter.

Credits.

RCW 82.21.050

1. Credit shall be allowed in accordance with rules of the department of revenue for taxes paid under this chapter with respect to fuel carried from this state in the fuel tank of any airplane, ship, truck, or other vehicle.
2. Credit shall be allowed, in accordance with rules of the department, against the taxes imposed in this chapter for any hazardous substance tax paid to another state with respect to the same hazardous substance. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to that hazardous substance. For the purpose of this subsection:
    a. "Hazardous substance tax" means a tax:

i. Which is imposed on the act or privilege of possessing hazardous substances, and which is not generally imposed on other activities or privileges; and

ii. Which is measured by the value of the hazardous substance, in terms of wholesale value or other terms, and in the determination of which the deductions allowed would not constitute the tax an income tax or value added tax.

b. "State" means (i) the state of Washington, (ii) a state of the United States other than Washington, or any political subdivision of such other state, (iii) the District of Columbia, and (iv) any foreign country or political subdivision thereof.

Legislative Auditor's Recommendation

The Legislative Auditor recommends continuing and modifying the preference

The Legislature should continue and modify the preference. The preference improves industry competitiveness by providing tax relief to Washington businesses that store or transport pesticides sold out of state. In light of 2019 changes to the hazardous substance tax, the Legislature should consider new metrics to evaluate the preference or recategorize it as one intended to provide tax relief.

Legislation Required: Yes

Fiscal Impact: Depends on legislative action.

Letter from Commission Chair

Letter from Commission Chair will be included in the proposed final report, planned for November 2023.

Commissioners' Recommendation

Commissioners' recommendation will be included in the proposed final report, planned for November 2023.

Agency Response

Agency response(s) will be included in the proposed final report, planned for November 2023.

Study questions

Washington JLARC

PROPOSED STUDY QUESTIONS

Agricultural Crop Protection Products Tax Preference

State of Washington Joint Legislative Audit and Review Committee

UPDATED: December 2022

JLARC to review hazardous substance tax exemption for crop protection products

The preference exempts certain crop protection products –pesticides, herbicides, and fungicides – from hazardous substance tax (HST). To be exempted, these products must meet the following criteria:

- Only used as an agricultural crop protection product.
- Warehoused in Washington.
- Not otherwise used, manufactured, packaged for sale, or sold in Washington.

The Legislature's stated policy objective is to incentivize the storage of agricultural crop protection products in Washington. JLARC is specifically directed to evaluate the amount of HST revenue collected from activities that are not exempt. The preference is scheduled to expire January 1, 2026.

This preference is included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.

Hazardous substance tax funds pollution prevention and mitigation

The HST is a tax on the first possession in this state of petroleum products, pesticides, and certain chemicals determined by the Department of Ecology to present a threat to human health or the environment if released into the environment. HST revenue is used to clean up contaminated sites, to prevent and mitigate pollution, and for stormwater pollution control projects.

JLARC staff will address the following questions:

1. How many businesses claim the tax preference, how much crop protection product do they possess in the state, and how much hazardous substance tax do they pay?
    a. What are the racial and ethnic characteristics of the beneficiaries using the tax preference?
    b. Have there been any unintended consequences of storing exempt products, and what are the racial and ethnic characteristics of those affected?
2. How has total crop protection product storage and related HST revenue collection changed since the preference was enacted?
3. How does Washington's tax treatment of hazardous substances compare to neighboring states?

In accordance with RCW 44.28.076, JLARC staff determined there are racial equity considerations for this study and they are included in the study questions above.

JOINT LEGISLATIVE AUDIT & REVIEW COMMITTEE
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Study timeframe

Preliminary Report: July 2023 Proposed Final Report: December 2023

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JLARC Study Process

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