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**HOUSE BILL 2848**

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AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** Representatives Chapman, Orcutt, Tharinger, Walsh, Blake, Tarleton, Springer, Maycumber, Fitzgibbon, and Lekanoff

Read first time 01/27/20. Referred to Committee on Finance.

1       AN ACT Relating to changing the expiration date for the sales and  
2 use tax exemption of hog fuel to coincide with the 2045 deadline for  
3 fossil fuel-free electrical generation in Washington state and to  
4 protect jobs with health care and retirement benefits in economically  
5 distressed communities; amending RCW 82.08.956, 82.12.956, and  
6 82.32.605; creating new sections; and providing expiration dates.

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

8       NEW SECTION.   **Sec. 1.** It is the intent of the legislature to  
9 retain and grow family wage jobs in rural, economically distressed  
10 areas; to promote healthy forests; and to utilize Washington's  
11 abundant natural resources to promote diversified renewable energy  
12 use in the state.

13       **Sec. 2.** RCW 82.08.956 and 2013 2nd sp.s. c 13 s 1002 are each  
14 amended to read as follows:

15       (1) The tax levied by RCW 82.08.020 does not apply to sales of  
16 hog fuel used to produce electricity, steam, heat, or biofuel. This  
17 exemption is available only if the buyer provides the seller with an  
18 exemption certificate in a form and manner prescribed by the  
19 department. The seller must retain a copy of the certificate for the  
20 seller's files.

1       (2) For the purposes of this section the following definitions  
2 apply:

3       (a) "Hog fuel" means wood waste and other wood residuals  
4 including forest derived biomass. "Hog fuel" does not include  
5 firewood or wood pellets; and

6       (b) "Biofuel" ~~((has the same meaning as provided in RCW~~  
7 ~~43.325.010))~~ means a liquid or gaseous fuel derived from organic  
8 matter intended for use as a transportation fuel, including, but not  
9 limited to, biodiesel, renewable diesel, ethanol, renewable natural  
10 gas, and renewable propane.

11      (3) If a taxpayer who claimed an exemption under this section  
12 closes a facility in Washington for which employment positions were  
13 reported under RCW 82.32.605, resulting in a loss of jobs located  
14 within the state, the department must declare the amount of the tax  
15 exemption claimed under this section for the previous two calendar  
16 years to be immediately due.

17      (4) This section expires June 30, ((2024)) 2034.

18      **Sec. 3.** RCW 82.12.956 and 2013 2nd sp.s. c 13 s 1003 are each  
19 amended to read as follows:

20      (1) The provisions of this chapter do not apply with respect to  
21 the use of hog fuel for production of electricity, steam, heat, or  
22 biofuel.

23      (2) For the purposes of this section:

24       (a) "Hog fuel" has the same meaning as provided in RCW 82.08.956;  
25 and

26       (b) "Biofuel" has the same meaning as provided in RCW  
27 ~~((43.325.010))~~ 82.08.956.

28      (3) This section expires June 30, ((2024)) 2034.

29      **Sec. 4.** RCW 82.32.605 and 2017 c 135 s 5 are each amended to  
30 read as follows:

31      (1) Every taxpayer claiming an exemption under RCW 82.08.956 or  
32 82.12.956 must file with the department a complete annual tax  
33 performance report under RCW 82.32.534, except that the taxpayer must  
34 file a separate tax performance report for each facility owned or  
35 operated in the state of Washington.

36      (2) This section expires June 30, ((2024)) 2034.

1        **NEW SECTION.**    **Sec. 5.**    (1) This section is the tax preference  
2 performance statement for the tax preferences contained in sections 2  
3 and 3, chapter . . ., Laws of 2020 (sections 2 and 3 of this act).  
4 This performance statement is only intended to be used for subsequent  
5 evaluation of the tax preference. It is not intended to create a  
6 private right of action by any party or be used to determine  
7 eligibility for preferential tax treatment.

8        (2) The legislature categorizes these tax preferences as ones  
9 intended to induce certain designated behavior by taxpayers, as  
10 indicated in RCW 82.32.808(2)(a).

11        (3) It is the legislature's specific public policy objective to  
12 extend the expiration date of these tax preferences in order to  
13 increase the ability of beneficiary facilities to provide at least  
14 seventy-five percent of their employees with medical and dental  
15 insurance and a retirement plan. For the purposes of this tax  
16 preference performance statement, retirement plans may include  
17 defined benefit plans, defined contribution plans, or an employee  
18 investment plan whereby the employer offers a contribution to the  
19 employee plan.

20        (4) In order to obtain the data necessary to measure the  
21 effectiveness of these tax preferences in achieving the public policy  
22 objective described in subsection (3) of this section, the joint  
23 legislative audit and review committee may refer to:

24            (a) The annual tax performance report that a taxpayer is required  
25 to file with the department of revenue per RCW 82.32.605; and  
26            (b) Employment data available from the employment security  
27 department.

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