

Extend biodiesel, ethanol and biomass tax incentives

Description This proposal would extend several biofuel-related tax incentives to July 1, 2025.

Current Law Under current law, the following incentives expire July 1, 2015:

- [RCW 82.04.4334](#), which provides a B&O tax deduction for the retail sale or distribution of biodiesel fuel or E85 motor fuel.
- [RCW 82.04.4494](#), which provides a B&O tax credit of \$5.00 for each harvested green ton of forest-derived biomass sold, transferred or used for the production of electricity, steam, heat or biofuel.
- [RCW 82.08.955](#) and [82.12.955](#), which provide sales and use tax exemptions for:
 - The sale, installation and repair of machinery and equipment used directly for the retail sale of a biodiesel blend or E85 motor fuel.
 - The construction, repair or improvement of structures used directly for the sale of retail sale of a biodiesel blend or E85 motor fuel.
 - The sale of tangible personal property that is incorporated in a structure, machinery or equipment if used directly for the retail sale of a biodiesel blend or E85 motor fuel.
 - The sale and repair of fuel delivery vehicles if at least 75 percent of the fuel distributed by the vehicles is a biodiesel blend or E85 motor fuel.

The following exemptions expire Dec. 31, 2015:

- [RCW 82.29A.135](#), which provides a leasehold excise tax exemption for six years for all leasehold interests in real and personal property (excluding land used to grow crops) used primarily for the manufacturing of alcohol fuel, wood biomass fuel, biodiesel fuel or biodiesel feedstock, or the operation of an anaerobic digester.
- [RCW 84.36.635](#), which provides a property tax exemption for six years for real and personal property (excluding land used to grow crops) used primarily for the manufacturing of alcohol fuel, biodiesel fuel or biodiesel feedstock, or the operation of an anaerobic digester.

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Original Purpose and Current Analysis

These exemptions were enacted to support the production and sale of biofuels.

Citizen Commission Recommendation

The Citizen Commission has not reviewed these exemptions.

Revenue Impact

General Fund Impacts (\$ millions)

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
80	\$ (1.0)	\$ (1.1)	\$ (2.1)	\$ (1.1)	\$ (1.1)	\$ (2.2)

- *Estimates assume a July 1, 2015, effective date, representing 11 months of collections for FY 2016.*
- *Estimates reflect the November 2014 Economic and Revenue Forecast Council revenue forecast.*