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SECOND SUBSTITUTE HOUSE BILL 1241

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State of Washington                      58th Legislature                      2003 Regular Session

By House Committee on Finance (originally sponsored by Representatives Sullivan, Crouse, Wood, Morris, Grant, Schoesler, Quall, Ruderman and Schindler)

READ FIRST TIME 03/04/03.

1            AN ACT Relating to tax incentives for the distribution and retail  
2 sale of biodiesel and alcohol fuels; adding a new section to chapter  
3 82.04 RCW; adding a new section to chapter 82.08 RCW; adding a new  
4 section to chapter 82.12 RCW; providing an effective date; providing  
5 expiration dates; and declaring an emergency.

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

7            NEW SECTION.    **Sec. 1.** A new section is added to chapter 82.04 RCW  
8 to read as follows:

9            (1) In computing tax there may be deducted from the measure of tax  
10 amounts received from the retail sale, or for the distribution, of:

11            (a) Biodiesel fuel; or

12            (b) Alcohol fuel, if the alcohol fuel is at least eighty-five  
13 percent of the volume of the fuel being sold or distributed.

14            (2) For the purposes of this act, the following definitions apply:

15            (a) "Biodiesel fuel" means a mono alkyl ester of long chain fatty  
16 acids derived from vegetable oils or animal fats for use in  
17 compression-ignition engines and that meets the requirements of the  
18 American society of testing and materials specification D 6751 in  
19 effect as of January 1, 2003.

1 (b) "Alcohol fuel" means any alcohol made from a product other than  
2 petroleum or natural gas, which is used alone or in combination with  
3 gasoline or other petroleum products for use as a fuel for motor  
4 vehicles, farm implements and machines, or implements of husbandry.

5 (c) "Distribution" means any of the actions specified in RCW  
6 82.36.020(2).

7 (3) This section expires July 1, 2009.

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW  
9 to read as follows:

10 (1) The tax levied by RCW 82.08.020 does not apply to sales of  
11 machinery and equipment, or to services rendered in respect to  
12 constructing structures, installing, constructing, repairing, cleaning,  
13 decorating, altering, or improving of structures or machinery and  
14 equipment, or to sales of tangible personal property that becomes an  
15 ingredient or component of structures or machinery and equipment, if  
16 the machinery, equipment, or structure is used directly for the retail  
17 sale of a biodiesel or alcohol fuel blend. Structures and machinery  
18 and equipment that are used for the retail sale of a biodiesel or  
19 alcohol fuel blend and for other purposes are exempt only on the  
20 portion used directly for the retail sale of a biodiesel or alcohol  
21 fuel blend.

22 (2) The tax levied by RCW 82.08.020 does not apply to sales of fuel  
23 delivery vehicles or to sales of or charges made for labor and services  
24 rendered in respect to installing, repairing, cleaning, altering, or  
25 improving the vehicles including repair parts and replacement parts if  
26 at least seventy-five percent of the fuel distributed by the vehicles  
27 is a biodiesel or alcohol fuel blend.

28 (3) A person taking the exemption under this section must keep  
29 records necessary for the department to verify eligibility under this  
30 section. The exemption is available only when the buyer provides the  
31 seller with an exemption certificate in a form and manner prescribed by  
32 the department. The seller shall retain a copy of the certificate for  
33 the seller's files.

34 (4) For the purposes of this section, the definitions in section 1  
35 of this act and this subsection apply.

36 (a) "Alcohol fuel blend" means fuel that contains at least  
37 eighty-five percent alcohol fuel by volume.

1 (b) "Biodiesel blend" means fuel that contains at least twenty  
2 percent biodiesel fuel by volume.

3 (c) "Machinery and equipment" means industrial fixtures, devices,  
4 and support facilities and tangible personal property that becomes an  
5 ingredient or component thereof, including repair parts and replacement  
6 parts that are integral and necessary for the delivery of biodiesel or  
7 alcohol fuel blends into the fuel tank of a motor vehicle.

8 (5) This section expires July 1, 2009.

9 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW  
10 to read as follows:

11 (1) The provisions of this chapter do not apply in respect to the  
12 use of machinery and equipment, or to services rendered in respect to  
13 installing, repairing, cleaning, altering, or improving of eligible  
14 machinery and equipment, or tangible personal property that becomes an  
15 ingredient or component of machinery and equipment used directly for  
16 the retail sale of a biodiesel or alcohol fuel blend.

17 (2) The provisions of this chapter do not apply in respect to the  
18 use of fuel delivery vehicles including repair parts and replacement  
19 parts and to services rendered in respect to installing, repairing,  
20 cleaning, altering, or improving the vehicles if at least seventy-five  
21 percent of the fuel distributed by the vehicles is a biodiesel or  
22 alcohol fuel blend.

23 (3) For the purposes of this section, the definitions in sections  
24 1 and 2 of this act apply.

25 (4) This section expires July 1, 2009.

26 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
27 preservation of the public peace, health, or safety, or support of the  
28 state government and its existing public institutions, and takes effect  
29 July 1, 2003.

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