

SENATE BILL REPORT

SB 6524

As Reported By Senate Committee On:
Water, Energy & Environment, January 31, 2006

Title: An act relating to providing incentives for the conversion of landfill methane gas to liquid fuel.

Brief Description: Providing incentives for conversion of landfill methane gas to liquid fuel.

Sponsors: Senators Rasmussen, Morton, Poulsen, Rockefeller, Honeyford and Benton.

Brief History:

Committee Activity: Water, Energy & Environment: 1/25/06, 1/31/06 [DPS-WM].

SENATE COMMITTEE ON WATER, ENERGY & ENVIRONMENT

Majority Report: That Substitute Senate Bill No. 6524 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Morton, Ranking Minority Member; Delvin, Fraser, Honeyford, Mulliken, Pridemore and Regala.

Staff: Richard Rodger (786-7461)

Background: The technology exists to convert landfill methane gas to a liquid natural gas (LNG) for use as fuel in motor vehicles. Use of landfill gas to produce fuels has gained interest because it provides an alternative use for landfill gas projects that cannot use all of the gas recovered, and because of increasingly stringent federal diesel emission regulations. This conversion also provides environmental benefits because it is a cleaner burning fuel relative to gasoline and diesel fuel.

According to the U.S. Climate Change Technology Program, five landfill gas conversion projects have been successfully demonstrated worldwide. Two commercial landfill gas-to-LNG production and fueling facilities are planned to open in 2006 for landfills in California and Pennsylvania.

Summary of Substitute Bill: The Legislature seeks to encourage the conversion of methane gas to useable fuels for use in motor vehicles, use in generation of electricity, and for other off-site consumption. The bill provides tax incentives for the conversion of methane gas from landfills, anaerobic digester systems, agricultural wastes, and sewage systems. The methane may be converted to either liquid natural gas or compressed natural gas.

The sales and use taxes do not apply to alterations made to new or existing structures, new or existing machinery and equipment, or tangible personal property, integral and necessary for the conversion of methane gas to a useable fuel. The taxes also do not apply to the labor and services integral and necessary for the conversion of methane gas to a useable fuel, or of vehicles as necessary to allow them to operate on fuel converted from methane gas.

The exemptions take effect July 1, 2006, and expire on July 1, 2009.

Substitute Bill Compared to Original Bill: The source for methane gas is extended to include anaerobic digester systems, agricultural wastes, and sewage systems. The end uses of the fuel are expanded to include generation of electricity and for other off-site consumption.

Appropriation: None.

Fiscal Note: Requested on January 12, 2006.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2006.

Testimony For: The conversion of the methane gas will provide a benefit to the state by avoiding flaring the gas off and providing a fuel for motor vehicles. Washington State needs more infrastructure to support the use for liquid natural gas and compressed natural gas and this bill will help stimulate that growth. There are many uses for these gases and the bill would be better if it allowed for more types of products and end uses.

Testimony Against: None.

Who Testified: PRO: Senator Marilyn Rasmussen, prime sponsor; Scott Nelson, Prometheus Energy Company; Dan Clarkson; Prometheus Energy Company; Jody Snyder, Pierce County Recycling, Composting & Disposal (dba LRI); Jay Gordon, Washington Dairy Association.