
HOUSE BILL 3222

State of Washington 59th Legislature 2006 Regular Session

By Representatives Pettigrew, Haler, Chandler, Kretz, Hinkle, Kristiansen, Holmquist and Linville

Read first time 01/26/2006. Referred to Committee on Finance.

1 AN ACT Relating to excise tax exemptions for the handling and
2 processing of livestock manure; adding a new section to chapter 82.08
3 RCW; adding a new section to chapter 82.12 RCW; repealing RCW
4 82.08.890, 82.08.900, 82.12.890, and 82.12.900; and providing an
5 effective date.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08 RCW
8 to read as follows:

9 (1) Eligible persons who have paid sales tax on qualifying
10 investment projects are eligible for an exemption in the form of a
11 remittance.

12 (2)(a) A person claiming an exemption from state tax in the form of
13 a remittance under this section must pay the tax imposed under RCW
14 82.08.020. The buyer may then apply to the department for remittance
15 of all or part of the tax paid.

16 (b) The department shall determine eligibility under this section
17 based on information provided by the buyer and through audit and other
18 administrative records. The department of agriculture must provide a
19 list of eligible persons, as defined in subsection (5)(f)(i) through

1 (iii) of this section, to the department. The conservation commission
2 must provide a list of eligible persons, as defined in subsection
3 (5)(f)(iv) of this section, to the department. The buyer shall on a
4 quarterly basis submit an information sheet, in a form and manner as
5 required by the department, specifying the amount of exempted tax
6 claimed and the qualifying investment project for which the exemption
7 is claimed. The buyer shall retain, in adequate detail to enable the
8 department to determine whether the investment project meets the
9 criteria under this section: Invoices; proof of tax paid; information
10 regarding the location of the dairy, animal feeding operation, or
11 anaerobic digester; documents describing the investment project; and
12 any other information the department may require.

13 (c) The department shall on a quarterly basis remit exempted
14 amounts to qualifying persons who submitted applications during the
15 previous quarter.

16 (3)(a) For a qualifying investment project that includes livestock
17 nutrient management equipment and facilities, the equipment and
18 facilities must be used exclusively for activities necessary to
19 maintain a nutrient management plan and the exemption applies to sales
20 made after the nutrient management plan is: (i) Certified under
21 chapter 90.64 RCW; (ii) approved as part of the permit issued under
22 chapter 90.48 RCW; or (iii) verified as required under subsection
23 (5)(f)(iv) of this section.

24 (b) For a qualifying investment project that includes an anaerobic
25 digester, the anaerobic digester must be used primarily to treat
26 livestock manure.

27 (4) The department shall keep a running total of the amount of
28 exemptions by remittance claimed by eligible persons under subsection
29 (5)(f)(iv) of this section during each fiscal year. The department
30 shall not allow any exemptions by remittance to be claimed by eligible
31 persons under subsection (5)(f)(iv) of this section which would cause
32 the total to exceed two hundred thousand dollars in any fiscal year.
33 If all or part of an exemption by remittance is disallowed under this
34 subsection, the disallowed portion shall be carried over to the next
35 fiscal year. However, the carryover into the next fiscal year is only
36 permitted to the extent that the cap for the next fiscal year is not
37 exceeded.

1 (5) The definitions in this subsection apply to this section and
2 section 2 of this act:

3 (a) "Anaerobic digester" means a facility that processes manure
4 from livestock into biogas and dried manure using microorganisms in a
5 decomposition process within a closed, oxygen-free container.

6 (b) "Animal feeding operation" means a lot or facility, other than
7 an aquatic animal production facility, where the following conditions
8 are met:

9 (i) Animals, other than aquatic animals, have been, are, or will be
10 stabled or confined and fed or maintained for a total of forty-five
11 days or more in any twelve-month period; and

12 (ii) Crops, vegetation, forage growth, or postharvest residues are
13 not sustained in the normal growing season over any portion of the lot
14 or facility.

15 (c) "Concentrated animal feeding operation" has the same meaning as
16 in 40 C.F.R. Sec. 122.23 (April 14, 2003), or as subsequently defined
17 in federal regulations adopted in rule by the state department of
18 agriculture.

19 (d) "Conservation commission" means the conservation commission
20 under chapter 89.08 RCW.

21 (e) "Conservation district" means a subdivision of state government
22 organized under chapter 89.08 RCW.

23 (f) "Eligible person" means a person: (i) Licensed to produce milk
24 under chapter 15.36 RCW who has a certified dairy nutrient management
25 plan, as required by chapter 90.64 RCW; (ii) who owns an animal feeding
26 operation and has a permit issued under chapter 90.48 RCW; (iii)
27 establishing or operating an anaerobic digester to treat primarily
28 livestock manure; or (iv) who owns a large or medium concentrated
29 animal feeding operation and has a nutrient management plan verified by
30 a conservation district as meeting natural resource conservation
31 service practice standards.

32 (g) "Large concentrated animal feeding operation" has the same
33 meaning as in 40 C.F.R. Sec. 122.23 (April 14, 2003), or as
34 subsequently defined in federal regulations adopted in rule by the
35 state department of agriculture.

36 (h) "Livestock nutrient management equipment and facilities" or
37 "equipment and facilities" means machinery, equipment, and structures
38 used in the handling and treatment of livestock manure, such as

1 aerators, agitators, alley scrapers, augers, dams, gutter cleaners,
2 loaders, lagoons, pipes, pumps, separators, and tanks. The term also
3 includes tangible personal property that becomes an ingredient or
4 component of the equipment and facilities, including repair and
5 replacement parts.

6 (i) "Medium concentrated animal feeding operation" has the same
7 meaning as in 40 C.F.R. Sec. 122.23 (April 14, 2003), or as
8 subsequently defined in federal regulations adopted in rule by the
9 state department of agriculture, except that in addition either one of
10 the following conditions are met:

11 (i) Pollutants are discharged into waters of the state through a
12 man-made ditch, flushing system, or other similar man-made device; or

13 (ii) Pollutants are discharged directly into waters of the state
14 that originate outside of and pass over, across, or through the
15 facility or otherwise come into direct contact with the animals
16 confined in the operation.

17 (j) "Permit" means either a state waste discharge permit or a
18 national pollutant discharge elimination system permit, or both.

19 (k) "Primarily" means more than fifty percent measured by volume or
20 weight.

21 (l) "Qualifying investment project" means:

22 (i) Livestock nutrient management equipment and facilities;

23 (ii) Anaerobic digesters; or

24 (iii) Services rendered in respect to:

25 (A) Operating, repairing, cleaning, altering, or improving of
26 livestock nutrient management equipment and facilities, or to sales of
27 tangible personal property that becomes an ingredient or component of
28 the equipment and facilities; or

29 (B) Installing, constructing, repairing, cleaning, altering, or
30 improving an anaerobic digester, or to sales of tangible personal
31 property that becomes an ingredient or component of the anaerobic
32 digester.

33 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12 RCW
34 to read as follows:

35 (1) Eligible persons who have paid use tax on qualifying investment
36 projects are eligible for an exemption in the form of a remittance.

1 (2)(a) A person claiming an exemption from state tax in the form of
2 a remittance under this section must pay the tax imposed under RCW
3 82.12.020. The buyer may then apply to the department for remittance
4 of all or part of the tax paid.

5 (b) The department shall on a quarterly basis remit exempted
6 amounts to qualifying persons who submitted applications during the
7 previous quarter.

8 (3) For the purposes of this section, the definitions, eligibility
9 requirements, and other conditions in section 1 of this act apply to
10 this section.

11 NEW SECTION. **Sec. 3.** The following acts or parts of acts are each
12 repealed:

13 (1) RCW 82.08.890 (Exemptions--Dairy nutrient management equipment
14 and facilities) and 2001 2nd sp.s. c 18 s 2;

15 (2) RCW 82.08.900 (Exemptions--Anaerobic digesters) and 2001 2nd
16 sp.s. c 18 s 4;

17 (3) RCW 82.12.890 (Exemptions--Dairy nutrient management equipment
18 and facilities) and 2003 c 5 s 15 & 2001 2nd sp.s. c 18 s 3; and

19 (4) RCW 82.12.900 (Exemptions--Anaerobic digesters) and 2003 c 5 s
20 16 & 2001 2nd sp.s. c 18 s 5.

21 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2006.

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