

HOUSE BILL REPORT

SSB 6806

As Passed House:

March 12, 2008

Title: An act relating to property and leasehold excise tax exemptions for anaerobic digester production.

Brief Description: Providing tax incentives for anaerobic digester production.

Sponsors: By Senate Committee on Agriculture & Rural Economic Development (originally sponsored by Senators Haugen, Rasmussen and Shin).

Brief History:

Committee Activity:

Finance: 3/11/08 [DP].

Floor Activity:

Passed House: 3/12/08, 96-1.

Brief Summary of Substitute Bill

- Creates a six-year property tax exemption for anaerobic digesters.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 6 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Conway, Ericks, McIntire and Santos.

Minority Report: Do not pass. Signed by 3 members: Representatives Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Roach.

Staff: Rick Peterson (786-7150).

Background:

An anaerobic digester processes manure from livestock into biogas and dried manure using microorganisms in a decomposition process within a closed, oxygen-free container. The 2001 Legislature established sales and use tax exemptions for components and services related to dairy nutrient management equipment and facilities and to anaerobic digesters used primarily to treat dairy manure. According to the 2008 Department of Revenue Tax Exemption Report,

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the sales and use tax exemption for anaerobic digesters provides about \$85,000 in tax relief per year.

Property taxes are imposed by state and local governments. All real and personal property in this state is subject to the property tax based on its value, unless a specific exemption is provided by law. There are exemptions for certain properties, including property owned by federal, state, and local governments, churches, farm machinery, and business inventory.

Tax incentives were established in 2003 to encourage the production of biodiesel and alcohol fuels. The buildings, machinery, equipment, and other personal property used in the manufacture of biodiesel fuels, biodiesel feedstocks, and alcohol fuels are exempt from property taxes and leasehold taxes. These tax exemptions are valid for six years. To claim the exemption, a form has to be filed with the county assessor. No claims may be filed after December 31, 2009.

Summary of Bill:

Anaerobic digesters are included with biodiesel and alcohol manufacturers in the six-year exemption from property and leasehold taxes. To claim the exemption, forms must be filed with the Department of Revenue by December 31, 2012.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect July 1, 2008.

Staff Summary of Public Testimony:

None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.