

SENATE BILL REPORT

SB 6170

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, February 07, 2008

Title: An act relating to creating a biofuel economic development grant program.

Brief Description: Creating a biofuel economic development grant program.

Sponsors: Senator Holmquist.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 2/7/08 [DP-WM, DNP].

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Rasmussen, Chair; Hatfield, Vice Chair; Schoesler, Ranking Minority Member; Morton and Shin.

Minority Report: Do not pass.

Signed by Senator Jacobsen.

Staff: Bob Lee (786-7404)

Background: There is interest in providing economic incentives to encourage farmers to grow feedstock for biofuel production in Washington State.

Summary of Bill: A program for providing funds for growing biofuel feedstocks in the State of Washington is established. Either a biofuel producer or an agricultural cooperative may opt to administer a program whereby they provide payments to farmers who grow and sell these feedstocks in Washington State.

The amount of the payments are as follows:

- 2 cents per pound for oil seed;
- 25 cents per bushel for grains including corn; and
- 84 cents per ton for sugar beets.

The agricultural cooperative or biofuel producer is provided a tax credit for the amount of the payments provided to the producer. The maximum amount of the tax credit is \$200,000 or the amount of business and occupation tax due, whichever is less.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

If an eligible feedstock is sold by an agricultural cooperative to the biofuel producer, the biofuel producer and the cooperative may enter into an agreement for each to received 50 percent of any tax credit amount received.

The act expires on December 1, 2009.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The state of Washington has been working to create and expand a bio-fuels industry in the state of Washington. This bill's purpose is to encourage the production of home grown crops to be used by this emerging industry. This bill provides an additional incentive for Washington producers to grow more of these new crops. In addition to canola as an oil seed crop, there is interest in new high yielding varieties of camelina. This is a short term program that is aimed at encouraging farms to introduce oil seed crops into their rotations. Oregon is providing a similar incentive, but instead of 2 cents per pound, they are providing 5 cents per pound for canola.

Persons Testifying: PRO: Senator Holmquist, prime sponsor; Jeffrey Stephens, Washington Biodiesel; John Stuhlmiller, Washington Farm Bureau; Heather Hansen, Washington Association of Wheat Growers.