

SENATE BILL REPORT

SB 6806

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, February 07, 2008
Ways & Means, February 29, 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: Senators Haugen, Rasmussen and Shin.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 1/28/08, 2/07/08 [DPS-WM].

Ways & Means: 2/12/08, 2/29/08 [DPS(ARED)].

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6806 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

Staff: Bob Lee (786-7404)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6806 as recommended by Committee on Agriculture & Rural Economic Development be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Carrell, Fairley, Hatfield, Hobbs, Honeyford, Keiser, Kohl-Welles, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Dean Carlson (786-7305)

Background: 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

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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 (Recommended Substitute): Included in the types of businesses that qualify for the six-year exemption from property and leasehold taxes are anaerobic digesters. Anaerobic digester means a facility that primarily processes manure from livestock into biogas and dried manure products using microorganisms in a decomposition process within a closed, oxygen-free container. To claim the exemption, forms must be filed by December 31, 2012.

EFFECT OF CHANGES MADE BY AGRICULTURE & RURAL ECONOMIC DEVELOPMENT COMMITTEE (Recommended Substitute): The date by which a claim of exemption must be filed is extended to December 31, 2012. Definitional changes were made to be consistent with other statutes.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill (Agriculture & Rural Economic Development): PRO: Providing a property tax exemption for the first six years of operation of anaerobic digesters will help make these projects more economically feasible. These projects provide a number of benefits including reducing odors, reducing greenhouse gas emissions, generating a significant amount of electricity that helps utilities meet their renewable power objectives. These projects will also help retain agriculture and a viable livestock industry by reducing the pressures on livestock operations. There are only two operating anaerobic digesters in the state now. There is a potential for many more, especially for large livestock operations or by establishing a digester to serve a cluster of several medium sized livestock operations.

Persons Testifying (Agriculture & Rural Economic Development): PRO: Senator Haugen, prime sponsor; Troy Green, J-U-B Engineers Incorporated; Kevin and Daryl Maas, Farm Power Northwest; Ken Johnson, Puget Sound Energy.

Staff Summary of Public Testimony (Ways & Means): None.

Persons Testifying (Ways & Means): No one.