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**Technology & Economic Development  
Committee**

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**HB 1663**

**Brief Description:** Extending the sales and use tax exemption for hog fuel used to produce electricity, steam, heat, or biofuel.

**Sponsors:** Representatives Tharinger, Nealey, Van De Wege, Johnson, Takko, Blake, Haigh, Kretz, Fey, Hayes, Short, Crouse and Ryu.

**Brief Summary of Bill**

- Delays, until June 30, 2024, the expiration of the sales and use tax exemption for hog fuel used to produce electricity, steam, heat, or biofuel.
- Requires taxpayers claiming the exemption to file a complete annual survey with the Department of Revenue.

**Hearing Date:** 2/12/13

**Staff:** Jasmine Vasavada (786-7301).

**Background:**

In 2009, the legislature enacted a sales and use tax exemption for hog fuel used to produce electricity, steam, heat, or biofuel. The exemption expires on June 30, 2013.

Hog fuel is a waste product of wood that has been ground (hogged) for use as a commercial energy source. As such, it is a kind of biofuel. Hog fuel is typically used as a fuel supply for boilers and electric power generation at mills that produce the material as a manufacturing byproduct. It is more fibrous and less uniform in size than clean wood chips.

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most goods and some services. If retail sales taxes are not collected when the goods or services are first acquired, then use taxes are often applied, at the

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same rate as the retail sales tax, when the goods or services are used. The state sales tax rate is 6.5 percent. State sales and use taxes are deposited in the State General Fund.

**Summary of Bill:**

The expiration date for the existing sales and use tax exemption is delayed by eleven years, from June 30, 2013, until June 30, 2024.

Taxpayers claiming the hog fuel exemption are required to file a complete annual survey with the Department of Revenue. The survey must include the amount of tax preference claimed and employment, wage, and benefit information for the facilities in Washington for which the exemption is claimed. Information reported in the survey will generally be considered public, but a taxpayer whose tax reduction amounts to less than \$10,000 may request that the Department of Revenue (Department) treat the amount of the tax reduction as confidential. If a taxpayer fails to submit the required survey on time, the Department must declare the amount of the tax preference claimed in the previous calendar year to be immediately due, with interest. The Department must report summary statistics to the legislature annually.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.