
SECOND SUBSTITUTE HOUSE BILL 1663

State of Washington

63rd Legislature

2013 Regular Session

By House Finance (originally sponsored by Representatives Tharinger, Nealey, Van De Wege, Johnson, Takko, Blake, Haigh, Kretz, Fey, Hayes, Short, Crouse, and Ryu)

READ FIRST TIME 03/01/13.

1 AN ACT Relating to extending the sales and use tax exemption for
2 hog fuel used to produce electricity, steam, heat, or biofuel; amending
3 RCW 82.08.956 and 82.12.956; adding a new section to chapter 82.32 RCW;
4 adding a new section to chapter 43.136 RCW; creating a new section;
5 providing an effective date; providing expiration dates; and declaring
6 an emergency.

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

8 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
9 retain and grow family wage jobs in rural, economically distressed
10 areas; to promote healthy forests; and to utilize Washington's abundant
11 natural resources to promote diversified renewable energy use in the
12 state.

13 **Sec. 2.** RCW 82.08.956 and 2009 c 469 s 301 are each amended to
14 read as follows:

15 (1) The tax levied by RCW 82.08.020 does not apply to sales of hog
16 fuel used to produce electricity, steam, heat, or biofuel. This
17 exemption is available only if the buyer provides the seller with an

1 exemption certificate in a form and manner prescribed by the
2 department. The seller must retain a copy of the certificate for the
3 seller's files.

4 (2) For the purposes of this section the following definitions
5 apply:

6 (a) "Hog fuel" means wood waste and other wood residuals including
7 forest derived biomass. "Hog fuel" does not include firewood or wood
8 pellets; and

9 (b) "Biofuel" has the same meaning as provided in RCW 43.325.010.

10 (3) If a taxpayer who claimed an exemption under this section
11 closes a facility in Washington for which employment positions were
12 reported under section 4 of this act, resulting in a loss of jobs
13 located within the state, the department must declare the amount of the
14 tax exemption claimed under this section for the previous two calendar
15 years to be immediately due.

16 (4) This section expires June 30, (~~(2013)~~) 2024.

17 **Sec. 3.** RCW 82.12.956 and 2009 c 469 s 302 are each amended to
18 read as follows:

19 (1) The provisions of this chapter do not apply with respect to the
20 use of hog fuel for production of electricity, steam, heat, or biofuel.

21 (2) For the purposes of this section:

22 (a) "Hog fuel" has the same meaning as provided in RCW 82.08.956;
23 and

24 (b) "Biofuel" has the same meaning as provided in RCW 43.325.010.

25 (3) This section expires June 30, (~~(2013)~~) 2024.

26 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.32 RCW
27 to read as follows:

28 (1) Every taxpayer claiming an exemption under RCW 82.08.956 or
29 82.12.956 must file with the department a complete annual survey as
30 required under RCW 82.32.585, except that the taxpayer must file a
31 separate survey for each facility owned or operated in the state of
32 Washington.

33 (2) This section expires June 30, 2024.

34 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.136 RCW
35 to read as follows:

1 (1) The intent of the tax exemption provided in RCW 82.08.956 and
2 82.12.956 is to promote the retention of relatively high wage jobs in
3 the counties where facilities who purchase and use hog fuel are
4 located. Specifically, in a time when there is increasing pressure to
5 close industrial facilities like mills and relocate this economic
6 activity out of state or overseas, rural areas of the state are at risk
7 of losing critical jobs that directly, or indirectly, support entire
8 communities. The legislature, in enacting the hog fuel tax exemption,
9 hopes to retain seventy five percent of the jobs at each facility in
10 the state at which the exemption is claimed, between now and June 30,
11 2024.

12 (2) The joint legislative audit and review committee must review
13 the performance through July 1, 2018, of the tax preferences
14 established in RCW 82.08.956 and 82.12.956, and prepare a report to the
15 legislature by October 31, 2019.

16 (3) The department of revenue must provide the committee with
17 annual survey information and any other tax data necessary to conduct
18 the review required in subsection (2) of this section. The employment
19 security department and other agencies, as requested, must cooperate
20 with the committee by providing information about the average wage of
21 employment in the county where each facility owned or operated by a
22 company claiming the exemption is located. The report is not limited
23 to, but must include, the following information:

24 (a) Identification of the baseline number of jobs existing as of
25 January 1, 2013, in facilities where the preference has been claimed,
26 as well as related wage and benefit information;

27 (b) Identification of how the number of jobs at these facilities
28 has changed during the duration of the credit;

29 (c) Analysis of how the wages provided to employees at affected
30 facilities compare to the average wages in the county in which the
31 facility is located;

32 (d) Analysis of how the benefits, including medical and other
33 health care benefits, provided to employees at affected facilities
34 compare to the average wages in the county in which the facility is
35 located; and

36 (e) Whether and to what extent the goal has been achieved, of
37 retaining seventy-five percent of employment at the facilities at which
38 the exemption has been claimed.

1 (4) This section expires June 30, 2024.

2 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
3 preservation of the public peace, health, or safety, or support of the
4 state government and its existing public institutions, and takes effect
5 July 1, 2013.

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