

SENATE BILL REPORT

HB 2848

As of February 18, 2020

Title: An act relating to changing the expiration date for the sales and use tax exemption of hog fuel to coincide with the 2045 deadline for fossil fuel-free electrical generation in Washington state and to protect jobs with health care and retirement benefits in economically distressed communities.

Brief Description: Changing the expiration date for the sales and use tax exemption of hog fuel to coincide with the 2045 deadline for fossil fuel-free electrical generation in Washington state and to protect jobs with health care and retirement benefits in economically distressed communities.

Sponsors: Representatives Chapman, Orcutt, Tharinger, Walsh, Blake, Tarleton, Springer, Maycumber, Fitzgibbon and Lekanoff.

Brief History: Passed House: 2/13/20, 96-0.

Committee Activity: Environment, Energy & Technology: 2/20/20.

Brief Summary of Bill

- Extends the sales and use tax exemption on hog fuel from June 30, 2024, to June 30, 2045.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Staff: Kimberly Cushing (786-7421)

Background: Hog Fuel Tax Exemption. Hog fuel used to produce electricity, steam, heat, or biofuel is exempt from sales and use tax. Taxpayers claiming the exemption must complete an annual tax performance report for each facility owned or operated in the state. If a taxpayer claiming the exemption closes a facility in the state, resulting in a loss of jobs, the amount of the tax exempted for the previous two calendar years is due immediately. The hog fuel sales and use tax exemption expires June 30, 2024.

Tax Preference Performance Requirements. State law provides for a range of tax preferences that confer reduced tax liability for certain designated taxpayers. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Unless

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specifically exempted otherwise, legislation establishing or expanding a tax preference must include a tax preference performance statement identifying its public policy objective and provides certain metrics used by the Joint Legislative Audit and Review Committee in evaluating the effectiveness of the preference. If an exemption or specific expiration date is not provided in the enacting legislation, all new tax preferences automatically expire after ten years.

Summary of Bill: Hog Fuel Tax Exemption. The hog fuel sales and use tax exemption is extended from June 30, 2024, to June 30, 2045.

"Biofuel" is defined as a liquid or gaseous fuel derived from organic matter intended for use as a transportation fuel, including, but not limited to, biodiesel, renewable diesel, ethanol, renewable natural gas, and renewable propane. References to a definition of biofuel in an expired statute are eliminated.

Tax Preference Performance Statement. The Legislature's specific public policy objective to extend the expiration date of the hog fuel tax exemption is to increase the ability of beneficiary facilities to provide at least 75 percent of their employees with medical and dental insurance and a retirement plan.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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