
SUBSTITUTE SENATE BILL 5238

State of Washington

60th Legislature

2007 Regular Session

By Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Poulsen, Honeyford, Kohl-Welles and Keiser)

READ FIRST TIME 02/26/07.

1 AN ACT Relating to creating a tax credit against the public utility
2 tax for eligible light and power businesses that purchase and retire
3 renewable energy credits from a facility that generates electricity
4 from methane gas derived from the anaerobic decomposition of organic
5 matter obtained from dairy cows in the state; adding a new section to
6 chapter 82.16 RCW; and creating a new section.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that methane (CH₄) is
9 a potent greenhouse gas that is twenty times more effective than carbon
10 dioxide in trapping heat in the atmosphere. Reducing methane
11 emissions, therefore, is an effective means to reduce climate warming.
12 The legislature also finds that nearly sixty percent of global methane
13 emissions are from human-influenced sources, such as dairy farms.
14 While the legislature cannot control all sources of human-influenced
15 methane, it can begin by encouraging the use of innovative mechanisms
16 to control methane from dairy farms located in the state.

17 The legislature declares that the state should encourage utilities
18 to purchase renewable energy credits from dairy farmers in the state as
19 an incentive for farmers to pursue appropriate measures to control

1 dairy nutrients and limit the level of their concomitant methane
2 emissions from being released into the environment. Renewable energy
3 credits include the carbon benefits that come from displacing other
4 potential fossil fuel resources through electricity generation but do
5 not include the carbon benefits related to the removal of methane from
6 the atmosphere. By offering this financial incentive, the state may
7 enable dairy farmers to finance the development of anaerobic digesters
8 and to produce electricity at a price that may meet the avoided cost of
9 local utilities, thus benefiting dairy operations, the environment, and
10 the need for cost-effective electricity.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16 RCW
12 to read as follows:

13 (1) Subject to the limitations in this section, an eligible light
14 and power business may claim a credit against the tax imposed under
15 this chapter.

16 (2) The amount of credit is equal to the amount of renewable energy
17 credit purchases made at market price and retired in any fiscal year by
18 an eligible light and power business, where the purchases are from a
19 facility that generates electricity from methane gas derived from the
20 anaerobic decomposition of organic matter obtained from dairy cows in
21 the state.

22 (3) The credit under this section may not exceed eighty thousand
23 dollars per fiscal year per eligible light and power business.

24 (4) The credit under this section must be claimed against taxes due
25 for the same fiscal year in which purchases and retiring of renewable
26 energy credits are made by the eligible light and power business. The
27 credit claimed for each reporting period may not exceed the amount of
28 tax otherwise due under this chapter for the reporting period. Credit
29 earned in any fiscal year may not be carried forward or backward and
30 claimed against taxes due for prior or subsequent fiscal years.
31 Refunds may not be granted in the place of a credit. Any unused credit
32 expires.

33 (5) "Eligible light and power business" means a light and power
34 business that purchases and retires renewable energy credits from a
35 facility described in subsection (2) of this section.

36 (6) "Renewable energy credit" has the same meaning as found in RCW
37 19.285.030(17). A renewable energy credit includes the carbon benefits

1 that come from displacing other potential fossil fuel resources through
2 electricity generation but does not include the carbon benefits related
3 to the removal of methane from the atmosphere.

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