
SENATE BILL 6170

State of Washington

60th Legislature

2007 Regular Session

By Senator Holmquist

Read first time . Referred to .

1 AN ACT Relating to creating a biofuel economic development grant
2 program; adding a new section to chapter 15.04 RCW; adding a new
3 section to chapter 82.04 RCW; and providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 15.04 RCW
6 to read as follows:

7 (1) Biofuel economic development grant programs may be created
8 under this section. The purpose of a biofuel economic development
9 grant program is to encourage the production of feedstock grown in
10 Washington and to maintain biofuel infrastructure in the state.

11 (2) A biofuel producer, agricultural cooperative, or both may opt
12 to administer a biofuel economic development grant program under this
13 section, which in addition to any other requirements of this section,
14 must meet the following:

15 (a) Program grant funding may only be granted to eligible farmers;
16 (b) Grant funds must be paid to eligible farmers as follows:
17 (i) Two cents per pound for oil seed;
18 (ii) Twenty-five cents per bushel for grains, including corn; and
19 (iii) Eighty-four cents per ton of sugar beets;

1 (c) An itemized statement must be provided to all eligible farmers
2 who receive a grant under this section by the biofuel producer or
3 agricultural cooperative administering the grant, that separately
4 states the amount paid, which is attributable to the market rate of the
5 agricultural product sold and the amount paid, which is attributable to
6 the biofuel economic development grant program.

7 (3) If the agricultural product is sold to the biofuel producer by
8 an agricultural cooperative:

9 (a) And the biofuel producer opts to administer a biofuel economic
10 development grant program, the biofuel producer and the cooperative may
11 enter into an agreement to each receive fifty percent of any tax credit
12 amount received under section 2 of this act;

13 (b) And the biofuel producer opts not to administer a biofuel
14 economic development grant program, only the agricultural cooperative
15 is eligible to administer the program under this section and only the
16 agricultural cooperative is eligible to receive the tax credit under
17 section 2 of this act.

18 (4) The definitions in this subsection apply to this section unless
19 the context clearly requires otherwise.

20 (a) "Eligible farmer" means a farmer, as defined in RCW 82.04.213,
21 who is subject to an agreement for the calendar year with a biofuel
22 producer or agricultural cooperative to sell an agricultural product,
23 which is grown in the state of Washington.

24 (b) "Biofuel producer" means a person who operates a facility for
25 the production of ethanol, biodiesel, or both from agricultural
26 products.

27 (c) "Agricultural cooperative" means a cooperative organization of
28 farmers, as defined in RCW 82.04.213, which has a valid agreement with
29 a biofuel producer, for the calendar year in which the cooperative or
30 biofuel producer administers a biofuel economic development grant
31 program under this section, for the purpose of selling agricultural
32 products received from an eligible farmer to a biofuel producer.

33 (d) "Agricultural product" means oil seed, a product of grain
34 cultivation, including corn, or sugar beets.

35 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
36 to read as follows:

37 (1) Subject to the limits and provisions of this section, a credit

1 is authorized against the tax otherwise due under this chapter for
2 persons engaged in the activity of administering a biofuel economic
3 development grant program, as provided in section 1 of this act.

4 (2) Persons engaged in the activity of administering a biofuel
5 economic development grant program are eligible for a tax credit
6 against taxes due under this chapter, which is equal to one hundred
7 percent of the amount of biofuel economic development grants paid by
8 the person in a calendar year.

9 (3) Any amount received by a person as a tax credit under
10 subsection (2) of this section must be used during the calendar year in
11 which the tax credit or refund was received for the sole purpose of
12 funding biofuel economic development grants under section 1 of this
13 act.

14 (4) The maximum credit that may be earned for each calendar year
15 under subsection (2) of this section for a person is limited to the
16 lesser of:

- 17 (a) Two hundred thousand dollars; or
18 (b) The amount of tax due under this chapter.

19 (5) No application is necessary for the tax credit. The person
20 must keep records necessary for the department to verify eligibility
21 under this section. These records include information establishing
22 that the grant recipients are eligible farmers, as defined under
23 section 1 of this act. For the purposes of this section, a bill of
24 lading is sufficient evidence for a person receiving a tax credit under
25 this section to establish that the agricultural product of a grant
26 recipient is grown in Washington state.

27 (6) If at any time the department finds that a person is not
28 eligible for a tax credit under this section, the amount of taxes for
29 which a credit has been used is immediately due. The department shall
30 assess interest, but not penalties, on the credited taxes for which the
31 person is not eligible. The interest shall be assessed at the rate
32 provided for delinquent excise taxes under chapter 82.32 RCW, shall be
33 assessed retroactively to the date the tax credit was taken, and shall
34 accrue until the taxes for which a credit has been used are repaid.

35 (7) The definitions in section 1 of this act apply to this section.

NEW SECTION. **Sec. 3.** This act expires December 1, 2009.

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