

# SENATE BILL REPORT

## SB 5442

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As of February 9, 2009

**Title:** An act relating to excise tax relief for hog fuel used for production of electricity, steam, heat, or biofuel.

**Brief Description:** Providing excise tax exemptions for hog fuel used for production of electricity, steam, heat, or biofuel.

**Sponsors:** Senators Hargrove, Zarelli, Morton, Haugen, Hatfield, Benton and Roach.

**Brief History:**

**Committee Activity:** Environment, Water & Energy: 2/06/09.

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### SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

**Staff:** William Bridges (786-7416)

**Background:** Sales and Use Taxes. Sales tax is imposed on retail sales of most items of tangible personal property and some services. The use tax is imposed on the same privilege of using tangible personal property or services in instances where the sales tax does not apply. Sales taxes are levied by the state, counties, and cities, and total rates vary from 7 to 8.9 percent. The use tax is paid directly to the Department of Revenue.

Hog Fuel. Hog fuel is ground waste wood that is typically larger and coarser than wood chips. It is often used to fire boilers or furnaces at the mill or plant at which the fuel was processed.

**Summary of Bill:** Sales and use tax exemptions are created for hog fuel used to produce electricity, steam, heat, or biofuel.

"Hog fuel" is defined as wood waste and other wood residuals including forest derived biomass, which does not include firewood or wood pellets. "Biofuel" includes, but is not limited to, biodiesel, ethanol, and ethanol-blend fuels and renewable liquid natural gas or liquid compressed natural gas made from biogas.

Compliance requirements are specified.

**Appropriation:** None.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on October 1, 2009.

**Staff Summary of Public Testimony:** PRO: The forestry industry is facing an economic crisis, and this bill will help preserve jobs, promote healthy forests, and ensure CO2-neutral energy by encouraging the use of woody biomass. The forestry industry in eastern and western Washington is distressed, which is stressing rural local governments and social programs. This bill will help preserve the forestry industry and thereby help rural economies.

**Persons Testifying:** PRO: Jack Baker, ENW; John Ehrenreich, WFPA; Kevin Godbout, Weyerhaeuser; Dave McEntee, Simpson Investments; Robert Meier, Rayonier; Tom Nelson, Sierra Pacific Industries; Collins Sprague, Avista; Bill Stauffacher, NW Pulp & Paper Association, American Forest & Paper Association; Sean O' Sullivan, Association of Western Pulp and Paper Workers Union.