CERTIFICATION OF ENROLLMENT

SECOND SUBSTITUTE HOUSE BILL 1241

Chapter 63, Laws of 2003

58th Legislature
2003 Regular Session

BIODIESEL AND ALCOHOL FUELS--TAX INCENTIVES

EFFECTIVE DATE: 7/1/03

Passed by the House March 11, 2003
Yeas 93 Nays 1
FRANK CHOPP
Speaker of the House of Representatives

Passed by the Senate April 9, 2003
Yeas 43 Nays 2
BRAD OWEN
President of the Senate
Approved April 18, 2003.

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is SECOND SUBSTITUTE HOUSE BILL 1241 as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER
Chief Clerk

FILED
April 18, 2003 - 3:38 p.m.

GARY F. LOCKE
Governor of the State of Washington

SECRETARY OF STATE
State of Washington
AN ACT Relating to tax incentives for the distribution and retail sale of biodiesel and alcohol fuels; adding a new section to chapter 82.04 RCW; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; providing an effective date; providing expiration dates; and declaring an emergency.

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

NEW SECTION. Sec. 1. A new section is added to chapter 82.04 RCW to read as follows:

(1) In computing tax there may be deducted from the measure of tax amounts received from the retail sale, or for the distribution, of:

(a) Biodiesel fuel; or

(b) Alcohol fuel, if the alcohol fuel is at least eighty-five percent of the volume of the fuel being sold or distributed.

(2) For the purposes of this act, the following definitions apply:

(a) "Biodiesel fuel" means a mono alkyl ester of long chain fatty acids derived from vegetable oils or animal fats for use in compression-ignition engines and that meets the requirements of the American society of testing and materials specification D 6751 in effect as of January 1, 2003.
(b) "Alcohol fuel" means any alcohol made from a product other than petroleum or natural gas, which is used alone or in combination with gasoline or other petroleum products for use as a fuel for motor vehicles, farm implements and machines, or implements of husbandry.

(c) "Distribution" means any of the actions specified in RCW 82.36.020(2).

(3) This section expires July 1, 2009.

NEW SECTION. Sec. 2. A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of machinery and equipment, or to services rendered in respect to constructing structures, installing, constructing, repairing, cleaning, decorating, altering, or improving of structures or machinery and equipment, or to sales of tangible personal property that becomes an ingredient or component of structures or machinery and equipment, if the machinery, equipment, or structure is used directly for the retail sale of a biodiesel or alcohol fuel blend. Structures and machinery and equipment that are used for the retail sale of a biodiesel or alcohol fuel blend and for other purposes are exempt only on the portion used directly for the retail sale of a biodiesel or alcohol fuel blend.

(2) The tax levied by RCW 82.08.020 does not apply to sales of fuel delivery vehicles or to sales of or charges made for labor and services rendered in respect to installing, repairing, cleaning, altering, or improving the vehicles including repair parts and replacement parts if at least seventy-five percent of the fuel distributed by the vehicles is a biodiesel or alcohol fuel blend.

(3) A person taking the exemption under this section must keep records necessary for the department to verify eligibility under this section. The exemption is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller shall retain a copy of the certificate for the seller's files.

(4) For the purposes of this section, the definitions in section 1 of this act and this subsection apply.

(a) "Alcohol fuel blend" means fuel that contains at least eighty-five percent alcohol fuel by volume.
(b) "Biodiesel blend" means fuel that contains at least twenty percent biodiesel fuel by volume.

(c) "Machinery and equipment" means industrial fixtures, devices, and support facilities and tangible personal property that becomes an ingredient or component thereof, including repair parts and replacement parts that are integral and necessary for the delivery of biodiesel or alcohol fuel blends into the fuel tank of a motor vehicle.

(5) This section expires July 1, 2009.

NEW SECTION. Sec. 3. A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply in respect to the use of machinery and equipment, or to services rendered in respect to installing, repairing, cleaning, altering, or improving of eligible machinery and equipment, or tangible personal property that becomes an ingredient or component of machinery and equipment used directly for the retail sale of a biodiesel or alcohol fuel blend.

(2) The provisions of this chapter do not apply in respect to the use of fuel delivery vehicles including repair parts and replacement parts and to services rendered in respect to installing, repairing, cleaning, altering, or improving the vehicles if at least seventy-five percent of the fuel distributed by the vehicles is a biodiesel or alcohol fuel blend.

(3) For the purposes of this section, the definitions in sections 1 and 2 of this act apply.

(4) This section expires July 1, 2009.

NEW SECTION. Sec. 4. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2003.

Passed by the House March 11, 2003.
Passed by the Senate April 9, 2003.
Approved by the Governor April 18, 2003.
Filed in Office of Secretary of State April 18, 2003.