

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.

GARY F. LOCKE

Governor of the State of Washington

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.

**Secretary of State
State of Washington**

SECOND SUBSTITUTE HOUSE BILL 1241

Passed Legislature - 2003 Regular Session

State of Washington 58th Legislature 2003 Regular Session

By House Committee on Finance (originally sponsored by Representatives Sullivan, Crouse, Wood, Morris, Grant, Schoesler, Quall, Ruderman and Schindler)

READ FIRST TIME 03/04/03.

1 AN ACT Relating to tax incentives for the distribution and retail
2 sale of biodiesel and alcohol fuels; adding a new section to chapter
3 82.04 RCW; adding a new section to chapter 82.08 RCW; adding a new
4 section to chapter 82.12 RCW; providing an effective date; providing
5 expiration dates; and declaring an emergency.

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

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

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

11 (a) Biodiesel fuel; or

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

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

15 (a) "Biodiesel fuel" means a mono alkyl ester of long chain fatty
16 acids derived from vegetable oils or animal fats for use in
17 compression-ignition engines and that meets the requirements of the
18 American society of testing and materials specification D 6751 in
19 effect as of January 1, 2003.

1 (b) "Alcohol fuel" means any alcohol made from a product other than
2 petroleum or natural gas, which is used alone or in combination with
3 gasoline or other petroleum products for use as a fuel for motor
4 vehicles, farm implements and machines, or implements of husbandry.

5 (c) "Distribution" means any of the actions specified in RCW
6 82.36.020(2).

7 (3) This section expires July 1, 2009.

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

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

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

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

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

36 (a) "Alcohol fuel blend" means fuel that contains at least
37 eighty-five percent alcohol fuel by volume.

1 (b) "Biodiesel blend" means fuel that contains at least twenty
2 percent biodiesel fuel by volume.

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

8 (5) This section expires July 1, 2009.

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

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

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

23 (3) For the purposes of this section, the definitions in sections
24 1 and 2 of this act apply.

25 (4) This section expires July 1, 2009.

26 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
27 preservation of the public peace, health, or safety, or support of the
28 state government and its existing public institutions, and takes effect
29 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.