

CERTIFICATION OF ENROLLMENT  
**SECOND SUBSTITUTE SENATE BILL 5947**

Chapter 18, Laws of 2001

57th Legislature  
2001 Second Special Session

TAXATION--DAIRY NUTRIENT MANAGEMENT

EFFECTIVE DATE: 7/13/01

Passed by the Senate June 19, 2001  
YEAS 43 NAYS 1

BRAD OWEN  
**President of the Senate**

Passed by the House June 20, 2001  
YEAS 83 NAYS 0

FRANK CHOPP  
**Speaker of the  
House of Representatives**

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

Approved July 13, 2001

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE SENATE BILL 5947** as passed by the Senate and the House of Representatives on the dates hereon set forth.

TONY M. COOK  
**Secretary**

FILED

July 13, 2001 - 3:09 p.m.

**Secretary of State  
State of Washington**

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**SECOND SUBSTITUTE SENATE BILL 5947**

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Passed Legislature - 2001 Second Special Session

**State of Washington**

**57th Legislature**

**2001 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Rasmussen, Morton, Gardner and Honeyford)

READ FIRST TIME 03/27/01.

1       AN ACT Relating to tax exemptions for dairy farmers and anaerobic  
2 digesters; adding new sections to chapter 82.08 RCW; adding new  
3 sections to chapter 82.12 RCW; creating a new section; and declaring an  
4 emergency.

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

6       NEW SECTION.   **Sec. 1.** It is the intent of the legislature to  
7 provide tax exemptions to assist dairy farmers to comply with the dairy  
8 nutrient management act, chapter 90.64 RCW, and to assist public or  
9 private entities to establish and operate anaerobic digesters to treat  
10 dairy nutrients on a regional or on-farm basis.

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

13       (1) The tax levied by RCW 82.08.020 does not apply to sales to  
14 eligible persons of services rendered in respect to operating,  
15 repairing, cleaning, altering, or improving of dairy nutrient  
16 management equipment and facilities, or to sales of tangible personal  
17 property that becomes an ingredient or component of the equipment and  
18 facilities. The equipment and facilities must be used exclusively for

1 activities necessary to maintain a dairy nutrient management plan as  
2 required under chapter 90.64 RCW. This exemption applies to sales made  
3 after the dairy nutrient management plan is certified under chapter  
4 90.64 RCW.

5 (2)(a) The department of revenue must provide an exemption  
6 certificate to an eligible person upon application by that person. The  
7 department of agriculture must provide a list of eligible persons to  
8 the department of revenue. The application must be in a form and  
9 manner prescribed by the department and must contain information  
10 regarding the location of the dairy and other information the  
11 department may require.

12 (b) The exemption is available only when the buyer provides the  
13 seller with an exemption certificate in a form and manner prescribed by  
14 the department. The seller must retain a copy of the certificate for  
15 the seller's files.

16 (3) The definitions in this subsection apply to this section and  
17 section 3 of this act unless the context clearly requires otherwise:

18 (a) "Dairy nutrient management equipment and facilities" means  
19 machinery, equipment, and structures used in the handling and treatment  
20 of dairy manure, such as aerators, agitators, alley scrapers, augers,  
21 dams, gutter cleaners, loaders, lagoons, pipes, pumps, separators, and  
22 tanks. The term also includes tangible personal property that becomes  
23 an ingredient or component of the equipment and facilities, including  
24 repair and replacement parts.

25 (b) "Eligible person" means a person licensed to produce milk under  
26 chapter 15.36 RCW who has a certified dairy nutrient management plan by  
27 December 31, 2003, as required by chapter 90.64 RCW.

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

30 The provisions of this chapter do not apply with respect to the use  
31 by an eligible person of tangible personal property that becomes an  
32 ingredient or component of dairy nutrient management equipment and  
33 facilities, as defined in section 2 of this act. The equipment and  
34 facilities must be used exclusively for activities necessary to  
35 maintain a dairy management plan as required under chapter 90.64 RCW.  
36 This exemption applies to the use of tangible personal property made  
37 after the dairy nutrient management plan is certified under chapter

1 90.64 RCW. The exemption certificate and recordkeeping requirements of  
2 section 2 of this act apply to this section.

3 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08 RCW  
4 to read as follows:

5 (1) The tax levied by RCW 82.08.020 does not apply to sales to an  
6 eligible person establishing or operating an anaerobic digester or to  
7 services rendered in respect to installing, constructing, repairing,  
8 cleaning, altering, or improving an anaerobic digester, or to sales of  
9 tangible personal property that becomes an ingredient or component of  
10 the anaerobic digester. The anaerobic digester must be used primarily  
11 to treat dairy manure.

12 (2)(a) The department of revenue must provide an exemption  
13 certificate to an eligible person upon application by that person. The  
14 application must be in a form and manner prescribed by the department  
15 and must contain information regarding the location of the facility and  
16 other information as the department may require.

17 (b) The exemption is available only when the buyer provides the  
18 seller with an exemption certificate in a form and manner prescribed by  
19 the department. The seller must retain a copy of the certificate for  
20 the seller's files.

21 (3) The definitions in this subsection apply to this section and  
22 section 5 of this act unless the context clearly requires otherwise:

23 (a) "Anaerobic digester" means a facility that processes manure  
24 from cattle into biogas and dried manure using microorganisms in a  
25 decomposition process within a closed, oxygen-free container.

26 (b) "Eligible person" means any person establishing or operating an  
27 anaerobic digester to treat primarily dairy manure.

28 (c) "Primarily" means more than fifty percent measured by volume or  
29 weight.

30 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.12 RCW  
31 to read as follows:

32 The provisions of this chapter do not apply with respect to the use  
33 of anaerobic digesters or tangible personal property that becomes an  
34 ingredient or component of anaerobic digesters to treat primarily dairy  
35 manure by an eligible person establishing or operating an anaerobic  
36 digester, as defined in section 4 of this act.

1        NEW SECTION.    **Sec. 6.**    This act is necessary for the immediate  
2 preservation of the public peace, health, or safety, or support of the  
3 state government and its existing public institutions, and takes effect  
4 immediately.

      Passed the Senate June 19, 2001.

      Passed the House June 20, 2001.

      Approved by the Governor July 13, 2001.

      Filed in Office of Secretary of State July 13, 2001.