

CERTIFICATION OF ENROLLMENT

**ENGROSSED HOUSE BILL 2146**

Chapter 339, Laws of 2003

58th Legislature  
2003 Regular Session

WOOD BIOMASS FUEL--TAX INCENTIVES

EFFECTIVE DATE: 7/1/03 - Except sections 1 through 8, which become effective 7/1/04.

Passed by the House April 22, 2003  
Yeas 96 Nays 1

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate April 10, 2003  
Yeas 47 Nays 2

BRAD OWEN

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**President of the Senate**

Approved May 16, 2003.

GARY 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 **ENGROSSED HOUSE BILL 2146** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER

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**Chief Clerk**

FILED

May 16, 2003 - 4:27 p.m.

**Secretary of State  
State of Washington**

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ENGROSSED HOUSE BILL 2146

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AS AMENDED BY THE SENATE

Passed Legislature - 2003 Regular Session

State of Washington                      58th Legislature                      2003 Regular Session

By Representatives Tom, Sullivan and Eickmeyer

Read first time 02/26/2003.      Referred to Committee on Technology,  
Telecommunications & Energy.

1            AN ACT Relating to tax incentives for wood biomass fuel production,  
2 distribution, and retail sale; amending RCW 82.29A.135 and 82.04.260;  
3 adding a new section to chapter 84.36 RCW; adding a new section to  
4 chapter 82.04 RCW; adding a new section to chapter 82.08 RCW; adding a  
5 new section to chapter 82.12 RCW; adding a new chapter to Title 82 RCW;  
6 creating new sections; providing effective dates; providing expiration  
7 dates; and declaring an emergency.

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

9            NEW SECTION.    **Sec. 1.** Unless the context clearly requires  
10 otherwise, the definitions in this section apply throughout this  
11 chapter.

12            (1) "Applicant" means a person applying for a tax deferral under  
13 this chapter.

14            (2) "Department" means the department of revenue.

15            (3) "Eligible area" means a county with fewer than one hundred  
16 persons per square mile as determined annually by the office of  
17 financial management and published by the department effective for the  
18 period July 1st through June 30th, or a county that has a population of

1 less than two hundred twenty-five thousand as determined by the office  
2 of financial management and has an area greater than two hundred  
3 twenty-five square miles.

4 (4)(a) "Eligible investment project" means an investment project in  
5 an eligible area.

6 (b) The lessor or owner of a qualified building is not eligible for  
7 a deferral unless the underlying ownership of the buildings, machinery,  
8 and equipment vests exclusively in the same person, or unless the  
9 lessor by written contract agrees to pass the economic benefit of the  
10 deferral to the lessee in the form of reduced rent payments.

11 (c) "Eligible investment project" does not include any portion of  
12 an investment project undertaken by a light and power business as  
13 defined in RCW 82.16.010(5), other than that portion of a cogeneration  
14 project that is used to generate power for consumption within the  
15 manufacturing site of which the cogeneration project is an integral  
16 part, or investment projects which have already received deferrals  
17 under this chapter.

18 (5) "Investment project" means an investment in qualified buildings  
19 or qualified machinery and equipment, including labor and services  
20 rendered in the planning, installation, and construction of the  
21 project.

22 (6) "Manufacturing" means the same as defined in RCW 82.04.120.  
23 "Manufacturing" also includes computer programming, the production of  
24 computer software, and other computer-related services, and the  
25 activities performed by research and development laboratories and  
26 commercial testing laboratories.

27 (7) "Person" has the meaning given in RCW 82.04.030.

28 (8) "Qualified buildings" means construction of new structures, and  
29 expansion or renovation of existing structures for the purpose of  
30 increasing floor space or production capacity used for manufacturing  
31 and research and development activities, including plant offices and  
32 warehouses or other facilities for the storage of raw material or  
33 finished goods if such facilities are an essential or an integral part  
34 of a factory, mill, plant, or laboratory used for manufacturing or  
35 research and development. If a building is used partly for  
36 manufacturing or research and development and partly for other  
37 purposes, the applicable tax deferral shall be determined by

1 apportionment of the costs of construction under rules adopted by the  
2 department.

3 (9) "Qualified machinery and equipment" means all new industrial  
4 and research fixtures, equipment, and support facilities that are an  
5 integral and necessary part of a manufacturing or research and  
6 development operation. "Qualified machinery and equipment" includes:  
7 Computers; software; data processing equipment; laboratory equipment;  
8 manufacturing components such as belts, pulleys, shafts, and moving  
9 parts; molds, tools, and dies; operating structures; and all equipment  
10 used to control or operate the machinery.

11 (10) "Recipient" means a person receiving a tax deferral under this  
12 chapter.

13 (11) "Research and development" means the development, refinement,  
14 testing, marketing, and commercialization of a product, service, or  
15 process before commercial sales have begun. As used in this  
16 subsection, "commercial sales" excludes sales of prototypes or sales  
17 for market testing if the total gross receipts from such sales of the  
18 product, service, or process do not exceed one million dollars.

19 (12) "Wood biomass fuel" means a pyrolytic liquid fuel or synthesis  
20 gas-derived liquid fuel, used in internal combustion engines, and  
21 produced from wood, forest, or field residue, or dedicated energy crops  
22 that do not include wood pieces that have been treated with chemical  
23 preservatives such as creosote, pentachlorophenol, or copper-chroma-  
24 arsenic.

25 NEW SECTION. **Sec. 2.** (1) Application for deferral of taxes under  
26 this chapter must be made before initiation of the construction of the  
27 investment project or acquisition of equipment or machinery. The  
28 application shall be made to the department in a form and manner  
29 prescribed by the department. The application shall contain  
30 information regarding the location of the investment project, the  
31 applicant's average employment in the state for the prior year,  
32 estimated or actual new employment related to the project, estimated or  
33 actual wages of employees related to the project, estimated or actual  
34 costs, time schedules for completion and operation, and other  
35 information required by the department.

36 (2) The department shall rule on the application within sixty days.

1 The department shall keep a running total of all deferrals granted  
2 under this chapter during each fiscal biennium.

3 NEW SECTION. **Sec. 3.** (1) The department shall issue a sales and  
4 use tax deferral certificate for state and local sales and use taxes  
5 due under chapters 82.08, 82.12, and 82.14 RCW on each eligible  
6 investment project that is located in an eligible area as defined in  
7 section 1 of this act, if the investment project is undertaken for the  
8 purpose of manufacturing wood biomass fuel.

9 (2) This section expires July 1, 2009.

10 NEW SECTION. **Sec. 4.** (1) For the purposes of this section:

11 (a) "Eligible area" means a designated community empowerment zone  
12 approved under RCW 43.31C.020 or a county containing a community  
13 empowerment zone.

14 (b) "Eligible investment project" means an investment project  
15 undertaken for the purpose of manufacturing wood biomass fuel that is  
16 located in an eligible area.

17 (c) "Qualified employment position" means a permanent full-time  
18 employee employed in the eligible investment project during the entire  
19 year.

20 (2) In addition to the provisions of section 3 of this act, the  
21 department shall issue a sales and use tax deferral certificate for  
22 state and local sales and use taxes due under chapters 82.08, 82.12,  
23 and 82.14 RCW, on each eligible investment project that is located in  
24 an eligible area, if the applicant establishes that at the time the  
25 project is operationally complete:

26 (a) The applicant will hire at least one qualified employment  
27 position for each seven hundred fifty thousand dollars of investment on  
28 which a deferral is requested; and

29 (b) The positions will be filled by persons who at the time of hire  
30 are residents of the community empowerment zone. As used in this  
31 subsection, "resident" means the person makes his or her home in the  
32 community empowerment zone. A mailing address alone is insufficient to  
33 establish that a person is a resident for the purposes of this section.  
34 The persons must be hired after the date the application is filed with  
35 the department.

1 (3) All other provisions and eligibility requirements of this  
2 chapter apply to applicants eligible under this section.

3 (4) The qualified employment position must be filled by the end of  
4 the calendar year following the year in which the project is certified  
5 as operationally complete. If a person does not meet the requirements  
6 for qualified employment positions by the end of the second calendar  
7 year following the year in which the project is certified as  
8 operationally complete, all deferred taxes are immediately due.

9 NEW SECTION. **Sec. 5.** (1) Each recipient of a deferral granted  
10 under this chapter after June 30, 2003, shall submit a report to the  
11 department on December 31st of the year in which the investment project  
12 is certified by the department as having been operationally completed,  
13 and on December 31st of each of the seven succeeding calendar years.  
14 The report shall contain information, as required by the department,  
15 from which the department may determine whether the recipient is  
16 meeting the requirements of this chapter. If the recipient fails to  
17 submit a report or submits an inadequate report, the department may  
18 declare the amount of deferred taxes outstanding to be immediately  
19 assessed and payable.

20 (2) If, on the basis of a report under this section or other  
21 information, the department finds that an investment project is not  
22 eligible for tax deferral under this chapter, the amount of deferred  
23 taxes outstanding for the project are immediately due. For any taxes  
24 that are due, penalties and interest applicable to delinquent excise  
25 taxes shall be assessed and imposed for delinquent payments under this  
26 chapter. The debt for deferred taxes will not be extinguished by  
27 insolvency or other failure of the recipient. Transfer of ownership  
28 does not terminate the deferral. The deferral is transferred, subject  
29 to the successor meeting the eligibility requirements of this chapter,  
30 for the remaining periods of the deferral.

31 (3) Deferred taxes need not be repaid if the department determines,  
32 in accordance with the provisions of subsection (1) of this section,  
33 that the recipient has met the requirements of this chapter for the  
34 seven calendar years following the certification by the department that  
35 the investment project has been operationally completed.

1        NEW SECTION.    **Sec. 6.** The employment security department shall  
2 make, and certify to the department of revenue, all determinations of  
3 employment and wages as requested by the department under this chapter.

4        NEW SECTION.    **Sec. 7.** Chapter 82.32 RCW applies to the  
5 administration of this chapter.

6        NEW SECTION.    **Sec. 8.** Applications, reports, and any other  
7 information received by the department under this chapter shall not be  
8 confidential and shall be subject to disclosure.

9        NEW SECTION.    **Sec. 9.** A new section is added to chapter 84.36 RCW  
10 to read as follows:

11        (1) For the purposes of this section, "wood biomass fuel" means a  
12 pyrolytic liquid fuel or synthesis gas-derived liquid fuel, used in  
13 internal combustion engines, and produced from wood, forest, or field  
14 residue, or dedicated energy crops that do not include wood pieces that  
15 have been treated with chemical preservatives such as creosote,  
16 pentachlorophenol, or copper-chroma-arsenic.

17        (2)(a) All buildings, machinery, equipment, and other personal  
18 property which is used primarily for the manufacturing of wood biomass  
19 fuel, the land upon which this property is located, and land that is  
20 reasonably necessary in the manufacturing of wood biomass fuel, but not  
21 land necessary for growing of crops, which together comprise a new  
22 manufacturing facility or an addition to an existing manufacturing  
23 facility, are exempt from property taxation for the six assessment  
24 years following the date on which the facility or the addition to the  
25 existing facility becomes operational.

26        (b) For manufacturing facilities which produce products in addition  
27 to wood biomass fuel, the amount of the property tax exemption shall be  
28 based upon the annual percentage of the total value of all products  
29 manufactured that is the value of the wood biomass fuel manufactured.

30        (3) Claims for exemptions authorized by this section shall be filed  
31 with the county assessor on forms prescribed by the department of  
32 revenue and furnished by the assessor. Once filed, the exemption is  
33 valid for six years and shall not be renewed. The assessor shall  
34 verify and approve claims as the assessor determines to be justified

1 and in accordance with this section. No claims may be filed after  
2 December 31, 2009.

3 The department of revenue may promulgate such rules, pursuant to  
4 chapter 34.05 RCW, as necessary to properly administer this section.

5 **Sec. 10.** RCW 82.29A.135 and 1985 c 371 s 3 are each amended to  
6 read as follows:

7 (1) For the purposes of this section~~((τ))~~:

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

12 (b) "Wood biomass fuel" means a pyrolytic liquid fuel or synthesis  
13 gas-derived liquid fuel, used in internal combustion engines, and  
14 produced from wood, forest, or field residue, or dedicated energy crops  
15 that do not include wood pieces that have been treated with chemical  
16 preservatives such as creosote, pentachlorophenol, or copper-chroma-  
17 arsenic.

18 ~~((a))~~ (2)(a) All leasehold interests in buildings, machinery, equipment,  
19 and other personal property which is used primarily for the  
20 manufacturing of alcohol fuel, wood biomass fuel, the land upon which  
21 ~~((such))~~ this property is located, and land that is reasonably  
22 necessary in the manufacturing of alcohol fuel, wood biomass fuel, but  
23 not land necessary for growing of crops, which together comprise a new  
24 ~~((aleehel))~~ manufacturing facility or an addition to an existing  
25 ~~((aleehel))~~ manufacturing facility, are exempt from leasehold taxes for  
26 a period of six years from the date on which the facility or the  
27 addition to the existing facility becomes operational.

28 (b) For ~~((aleehel))~~ manufacturing facilities which produce  
29 ~~((alcohol for use as))~~ products in addition to alcohol fuel ~~((and~~  
30 ~~alcohol used for other purposes)), wood biomass fuel, the amount of the~~  
31 leasehold tax exemption shall be based upon ~~((an annually determined~~  
32 ~~percentage of the total gallons of alcohol produced that is sold and~~  
33 ~~used as alcohol fuel))~~ the annual percentage of the total value of all  
34 products manufactured that is the value of the alcohol fuel or wood  
35 biomass fuel manufactured.

36 (3) Claims for exemptions authorized by this section shall be filed  
37 with the department of revenue on forms prescribed by the department of

1 revenue and furnished by the department of revenue. Once filed, the  
2 exemption is valid for six years and shall not be renewed. The  
3 department of revenue shall verify and approve (~~such~~) claims as the  
4 department of revenue determines to be justified and in accordance with  
5 this section. No claims may be filed after December 31, (~~1992~~) 2009.

6 The department of revenue may promulgate such rules, pursuant to  
7 chapter 34.05 RCW, as are necessary to properly administer this  
8 section.

9 **Sec. 11.** RCW 82.04.260 and 2001 2nd sp.s. c 25 s 2 are each  
10 amended to read as follows:

11 (1) Upon every person engaging within this state in the business of  
12 manufacturing:

13 (a) Wheat into flour, barley into pearl barley, soybeans into  
14 soybean oil, canola into canola oil, canola meal, or canola byproducts,  
15 or sunflower seeds into sunflower oil; as to such persons the amount of  
16 tax with respect to such business shall be equal to the value of the  
17 flour, pearl barley, oil, canola meal, or canola byproduct  
18 manufactured, multiplied by the rate of 0.138 percent;

19 (b) Seafood products which remain in a raw, raw frozen, or raw  
20 salted state at the completion of the manufacturing by that person; as  
21 to such persons the amount of tax with respect to such business shall  
22 be equal to the value of the products manufactured, multiplied by the  
23 rate of 0.138 percent;

24 (c) By canning, preserving, freezing, processing, or dehydrating  
25 fresh fruits and vegetables, or selling at wholesale fresh fruits and  
26 vegetables canned, preserved, frozen, processed, or dehydrated by the  
27 seller and sold to purchasers who transport in the ordinary course of  
28 business the goods out of this state; as to such persons the amount of  
29 tax with respect to such business shall be equal to the value of the  
30 products canned, preserved, frozen, processed, or dehydrated multiplied  
31 by the rate of 0.138 percent. As proof of sale to a person who  
32 transports in the ordinary course of business goods out of this state,  
33 the seller shall annually provide a statement in a form prescribed by  
34 the department and retain the statement as a business record; (~~and~~)

35 (d) Dairy products that as of September 20, 2001, are identified in  
36 21 C.F.R., chapter 1, parts 131, 133, and 135, including byproducts  
37 from the manufacturing of the dairy products such as whey and casein;

1 or selling the same to purchasers who transport in the ordinary course  
2 of business the goods out of state; as to such persons the tax imposed  
3 shall be equal to the value of the products manufactured multiplied by  
4 the rate of 0.138 percent. As proof of sale to a person who transports  
5 in the ordinary course of business goods out of this state, the seller  
6 shall annually provide a statement in a form prescribed by the  
7 department and retain the statement as a business record; and

8 (e) Alcohol fuel or wood biomass fuel, as those terms are defined  
9 in RCW 82.29A.135; as to such persons the amount of tax with respect to  
10 the business shall be equal to the value of alcohol fuel or wood  
11 biomass fuel manufactured, multiplied by the rate of 0.138 percent.

12 (2) Upon every person engaging within this state in the business of  
13 splitting or processing dried peas; as to such persons the amount of  
14 tax with respect to such business shall be equal to the value of the  
15 peas split or processed, multiplied by the rate of 0.138 percent.

16 (3) Upon every nonprofit corporation and nonprofit association  
17 engaging within this state in research and development, as to such  
18 corporations and associations, the amount of tax with respect to such  
19 activities shall be equal to the gross income derived from such  
20 activities multiplied by the rate of 0.484 percent.

21 (4) Upon every person engaging within this state in the business of  
22 slaughtering, breaking and/or processing perishable meat products  
23 and/or selling the same at wholesale only and not at retail; as to such  
24 persons the tax imposed shall be equal to the gross proceeds derived  
25 from such sales multiplied by the rate of 0.138 percent.

26 (5) Upon every person engaging within this state in the business of  
27 making sales, at retail or wholesale, of nuclear fuel assemblies  
28 manufactured by that person, as to such persons the amount of tax with  
29 respect to such business shall be equal to the gross proceeds of sales  
30 of the assemblies multiplied by the rate of 0.275 percent.

31 (6) Upon every person engaging within this state in the business of  
32 manufacturing nuclear fuel assemblies, as to such persons the amount of  
33 tax with respect to such business shall be equal to the value of the  
34 products manufactured multiplied by the rate of 0.275 percent.

35 (7) Upon every person engaging within this state in the business of  
36 acting as a travel agent or tour operator; as to such persons the  
37 amount of the tax with respect to such activities shall be equal to the

1 gross income derived from such activities multiplied by the rate of  
2 0.275 percent.

3 (8) Upon every person engaging within this state in business as an  
4 international steamship agent, international customs house broker,  
5 international freight forwarder, vessel and/or cargo charter broker in  
6 foreign commerce, and/or international air cargo agent; as to such  
7 persons the amount of the tax with respect to only international  
8 activities shall be equal to the gross income derived from such  
9 activities multiplied by the rate of 0.275 percent.

10 (9) Upon every person engaging within this state in the business of  
11 stevedoring and associated activities pertinent to the movement of  
12 goods and commodities in waterborne interstate or foreign commerce; as  
13 to such persons the amount of tax with respect to such business shall  
14 be equal to the gross proceeds derived from such activities multiplied  
15 by the rate of 0.275 percent. Persons subject to taxation under this  
16 subsection shall be exempt from payment of taxes imposed by chapter  
17 82.16 RCW for that portion of their business subject to taxation under  
18 this subsection. Stevedoring and associated activities pertinent to  
19 the conduct of goods and commodities in waterborne interstate or  
20 foreign commerce are defined as all activities of a labor, service or  
21 transportation nature whereby cargo may be loaded or unloaded to or  
22 from vessels or barges, passing over, onto or under a wharf, pier, or  
23 similar structure; cargo may be moved to a warehouse or similar holding  
24 or storage yard or area to await further movement in import or export  
25 or may move to a consolidation freight station and be stuffed,  
26 unstuffed, containerized, separated or otherwise segregated or  
27 aggregated for delivery or loaded on any mode of transportation for  
28 delivery to its consignee. Specific activities included in this  
29 definition are: Wharfage, handling, loading, unloading, moving of  
30 cargo to a convenient place of delivery to the consignee or a  
31 convenient place for further movement to export mode; documentation  
32 services in connection with the receipt, delivery, checking, care,  
33 custody and control of cargo required in the transfer of cargo;  
34 imported automobile handling prior to delivery to consignee; terminal  
35 stevedoring and incidental vessel services, including but not limited  
36 to plugging and unplugging refrigerator service to containers,  
37 trailers, and other refrigerated cargo receptacles, and securing ship  
38 hatch covers.

1 (10) Upon every person engaging within this state in the business  
2 of disposing of low-level waste, as defined in RCW 43.145.010; as to  
3 such persons the amount of the tax with respect to such business shall  
4 be equal to the gross income of the business, excluding any fees  
5 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3  
6 percent.

7 If the gross income of the taxpayer is attributable to activities  
8 both within and without this state, the gross income attributable to  
9 this state shall be determined in accordance with the methods of  
10 apportionment required under RCW 82.04.460.

11 (11) Upon every person engaging within this state as an insurance  
12 agent, insurance broker, or insurance solicitor licensed under chapter  
13 48.17 RCW; as to such persons, the amount of the tax with respect to  
14 such licensed activities shall be equal to the gross income of such  
15 business multiplied by the rate of 0.484 percent.

16 (12) Upon every person engaging within this state in business as a  
17 hospital, as defined in chapter 70.41 RCW, that is operated as a  
18 nonprofit corporation or by the state or any of its political  
19 subdivisions, as to such persons, the amount of tax with respect to  
20 such activities shall be equal to the gross income of the business  
21 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
22 percent thereafter. The moneys collected under this subsection shall  
23 be deposited in the health services account created under RCW  
24 43.72.900.

25 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.04 RCW  
26 to read as follows:

27 (1) In computing tax there may be deducted from the measure of tax  
28 amounts received from the retail sale, or for the distribution, of wood  
29 biomass fuel.

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

31 (a) "Wood biomass fuel" means a pyrolytic liquid fuel or synthesis  
32 gas-derived liquid fuel, used in internal combustion engines, and  
33 produced from wood, forest, or field residue, or dedicated energy crops  
34 that do not include wood pieces that have been treated with chemical  
35 preservatives such as creosote, pentachlorophenol, or copper-chroma-  
36 arsenic.

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

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

4 NEW SECTION. **Sec. 13.** A new section is added to chapter 82.08 RCW  
5 to read as follows:

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

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

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

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

31 (a) "Wood biomass fuel blend" means fuel that contains at least  
32 twenty percent wood biomass fuel by volume.

33 (b) "Machinery and equipment" means industrial fixtures, devices,  
34 and support facilities and tangible personal property that becomes an  
35 ingredient or component thereof, including repair parts and replacement  
36 parts that are integral and necessary for the delivery of a wood  
37 biomass fuel blend into the fuel tank of a motor vehicle.

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

2 NEW SECTION. **Sec. 14.** A new section is added to chapter 82.12 RCW  
3 to read as follows:

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

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

16 (3) For the purposes of this section, the definitions in section 13  
17 of this act apply.

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

19 NEW SECTION. **Sec. 15.** Section 9 of this act applies to taxes  
20 levied for collection in 2004 and thereafter.

21 NEW SECTION. **Sec. 16.** (1) Sections 9 through 15 of this act are  
22 necessary for the immediate preservation of the public peace, health,  
23 or safety, or support of the state government and its existing public  
24 institutions, and take effect July 1, 2003.

25 (2) Sections 1 through 8 of this act take effect July 1, 2004.

26 NEW SECTION. **Sec. 17.** Sections 1 through 8 of this act are null  
27 and void if the legislature passes and the governor signs any bill into  
28 law before July 1, 2004, that extends the expiration date in RCW  
29 82.60.050.

30 NEW SECTION. **Sec. 18.** Sections 1 through 8 of this act constitute  
31 a new chapter in Title 82 RCW.

Passed by the House April 22, 2003.

Passed by the Senate April 10, 2003.

Approved by the Governor May 16, 2003.

Filed in Office of Secretary of State May 16, 2003.