

SENATE BILL REPORT

HB 3188

As Reported By Senate Committee On:
Ways & Means, March 03, 2008

Title: An act relating to exempting waste vegetable oil from excise tax.

Brief Description: Exempting waste vegetable oil from excise tax.

Sponsors: Representatives Roach, Hurst, McCune and Dunn.

Brief History: Passed House: 2/19/08, 94-1.

Committee Activity: Ways & Means: 2/29/08, 3/3/08 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hobbs, Honeyford, Keiser, Kohl-Welles, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Dianne Criswell (786-7433)

Background: Sales tax is imposed on the retail sales of most items of tangible personal property and some services. The use tax is imposed on the privilege of using tangible personal property or services in instances where the sales tax does not apply. This includes purchases made from out-of-state sellers, purchases from sellers who are not required to collect Washington sales tax, items produced for use by the producers and gifts and prizes. The tax is measured by the value of the item at the time of the first use within the state, excluding delivery charges. Use taxes are levied by the state, counties, and cities at the same rate as the sales tax. Combined state and local use tax rates vary from 7 to 8.9 percent, depending on location.

The special fuel tax applies to all combustible gases and liquids suitable for generating power to propel motor vehicles, except gasoline. The main types of fuels subject to the special fuel tax are diesel, natural gas, propane, butane, and a certain dyed fuel prescribed by federal law. Several categories of uses are exempt from the special fuel tax, including using such fuel for street and highway construction and maintenance purposes in government-owned or operated motor vehicles, in publicly-owned fire fighting equipment, and in special mobile equipment related to construction.

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.

Special fuel subject to the special fuel tax is exempt from retail sales and use taxes. However, if special fuel is exempt from the special fuel tax then retail sales and use taxes usually apply.

Summary of Bill: Waste vegetable oil is defined as cooking oil gathered from restaurants or commercial food processors. Waste vegetable oil used for the production of biodiesel fuel for personal use is exempt from special fuel tax, sales tax, and use tax.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2008.

Staff Summary of Public Testimony: PRO: Biodiesel is a good fuel option, because it has less sulfur and is cleaner than diesel. Further, collection of waste vegetable oil for use in the production of biodiesel prevents that oil from polluting the environment as waste. Using waste vegetable oil does not impact the food cycle, because it is an unused byproduct. Production of biodiesel and the exemptions provided in this bill encourages research of alternative fuel sources, like algae.

Persons Testifying: PRO: Gary Morris, citizen.