

SENATE BILL REPORT

SSB 5009

As Amended by House, April 18, 2007

Title: An act relating to exempting biodiesel fuel used for farm use from sales and use taxation.

Brief Description: Exempting biodiesel fuel used for nonhighway farm use from sales and use tax.

Sponsors: Senate Committee on Agriculture & Rural Economic Development (originally sponsored by Senators Haugen, Hatfield, Poulsen, Sheldon, Holmquist, Rasmussen, Schoesler, Kline and Shin).

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 1/18/07, 1/22/07 [DPS].
Ways & Means: 3/05/07 [DPS (ARED)].

Passed Senate: 4/02/07, 42-2.

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5009 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rasmussen, Chair; Hatfield, Vice Chair; Schoesler, Ranking Minority Member; Morton and Shin.

Staff: Bob Lee (786-7404)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5009 as recommended by Committee on Agriculture & Rural Economic Development be substituted therefor, and the substitute bill 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, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Dean Carlson (786-7305)

Background: During the 2006 Session, an exemption from sales and use tax was provided for diesel used for farm purposes by a farm fuel user. A farm fuel user includes a farmer or

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other person who provides services for farmers such as soil preparation, crop cultivation, and crop harvesting.

This exemption is provided only if the buyer provides the seller with an exemption certificate provided by the Department of Revenue.

In 2006, legislation was also enacted to provide incentives to the production of biodiesel and to stimulate markets for biodiesel fuels.

Summary of Substitute Bill: Biodiesel fuel used by a farm fuel user for nonhighway use is exempt from sales tax and use tax.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: (Agriculture & Rural Economic Development)

PRO: A station that sells biodiesel is located in the middle of an agricultural area but can't sell fuel that contains biodiesel to farmers without charging sales tax. This bill provides tax parity between diesel and fuels that contain biodiesel.

Persons Testifying: (Agriculture & Rural Economic Development) PRO: Senator Haugen, prime sponsor; Senator Holmquist, cosponsor.

Staff Summary of Public Testimony (Ways & Means): None.

Persons Testifying (Ways & Means): No one.

House Amendment(s): Clarifies that the sales and use tax exemption applies to biodiesel fuel blends.