

SENATE BILL REPORT

SB 5009

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, January 22, 2007
Ways & Means, March 5, 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: 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)].

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

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE(Agriculture & Rural Economic Development): An emergency clause was added and the bill takes effect immediately.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on August 1, 2007.

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, co-sponsor.

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

Persons Testifying (Ways & Means): No one.