

SENATE BILL REPORT

SB 6733

As of February 10, 2008

Title: An act relating to extending the sales and use tax exemptions related to machinery and equipment used in generating electricity to machinery and equipment used to produce electricity using certain organic materials and byproducts of pulping or wood manufacturing processes.

Brief Description: Extending the sales and use tax exemptions to machinery and equipment used to produce electricity using certain organic materials and byproducts of pulping or wood manufacturing processes.

Sponsors: Senators Regala, Delvin, Prentice, Brandland, Pridemore, Rasmussen and Kilmer.

Brief History:

Committee Activity: Ways & Means: 2/12/08.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Sales tax is imposed on retail sales of most items of tangible personal property and some services. Use tax is imposed on the same privilege of using tangible personal property or services in instances where the sales tax does not apply. Sales and use taxes are levied by the state and certain local taxing districts. Rates vary between 7 and 8.9 percent, depending on the location in the state. Use tax is paid directly to the Department of Revenue.

Under current law there is an exemption from the retail sales and use taxes for machinery and equipment used directly to generate at least 200 watts of electricity using wind or solar energy, landfill gas, or fuel cells as a power source.

Summary of Bill: The bill as referred to committee was not considered.

SUMMARY OF BILL (Proposed Substitute): The current machinery and equipment exemption for alternative energy sources used directly to generate at least 200 watts of electricity is extended to biomass.

Biomass means: (1) Animal waste; (2) food waste; (3) solid organic fuels from wood, forest, or field residues or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; or (4) byproducts of pulping or wood manufacturing processes, including but not limited to bark, wood chips, sawdust, and lignin in spent pulping liquors, where wood pieces

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were not treated with chemical preservatives. "Biomass" does not include any wood from harvesting old growth forests.

The sales tax exemption that applies to fuel cells, wind, sun, landfill gas or biomass is extended from June 30, 2009 to June 30, 2014.

Appropriation: None.

Fiscal Note: Requested on January 29, 2008.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: We are contemplating a 40 megawatt biomass plant at our facility. It will generate a lot of tax dollars to the state. This bill acknowledges biomass as an alternative energy source. The Simpson employees are all in favor of this. We support the policy and the 5 year extension of the exemptions. This is the only tax incentive for renewable resources. The time line extension of the exemption is very important and has extended support from the environmental community.

Persons Testifying: PRO: Dave McEntee, Simpson; Bob Jones, Simpson Hourly; Carrie Dolwick, Northwest Energy Coalition.