
SENATE BILL 5238

State of Washington 60th Legislature 2007 Regular Session

By Senators Poulsen, Honeyford, Kohl-Welles and Keiser

Read first time 01/15/2007. Referred to Committee on Water, Energy & Telecommunications.

1 AN ACT Relating to creating a tax credit against the public utility
2 tax for eligible light and power businesses; adding a new section to
3 chapter 82.16 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that methane (CH₄) is
6 a potent greenhouse gas that is twenty times more effective than carbon
7 dioxide in trapping heat in the atmosphere. Reducing methane
8 emissions, therefore, is an effective means to reduce climate warming.
9 The legislature also finds that nearly sixty percent of global methane
10 emissions are from human-influenced sources, such as dairy farms.
11 While the legislature cannot control all sources of human-influenced
12 methane, it can begin by encouraging the use of innovative mechanisms
13 to control methane from dairy farms located in the state.

14 The legislature declares that the state should encourage utilities
15 to purchase renewable energy credits from dairy farmers in the state as
16 an incentive for farmers to pursue appropriate measures to control
17 dairy nutrients and limit the level of their concomitant methane
18 emissions from being released into the environment. By offering this
19 financial incentive, the state may enable dairy farmers to finance the

1 development of anaerobic digesters and to produce electricity at a
2 price that may meet the avoided cost of local utilities, thus
3 benefiting dairy operations, the environment, and the need for cost-
4 effective electricity.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16 RCW
6 to read as follows:

7 (1) Subject to the limitations in this section, an eligible light
8 and power business may claim a credit against the tax imposed under
9 this chapter.

10 (2) The amount of credit is equal to the amount of renewable energy
11 credit purchases made and retired in any fiscal year by an eligible
12 light and power business.

13 (3) The credit under this section may not exceed eighty thousand
14 dollars per fiscal year per eligible light and power business.

15 (4) The credit under this section must be claimed against taxes due
16 for the same fiscal year in which purchases and retiring of renewable
17 energy credits are made by the eligible light and power business. The
18 credit claimed for each reporting period may not exceed the amount of
19 tax otherwise due under this chapter for the reporting period. Credit
20 earned in any fiscal year may not be carried forward or backward and
21 claimed against taxes due for prior or subsequent fiscal years.
22 Refunds may not be granted in the place of a credit. Any unused credit
23 expires.

24 (5) "Eligible light and power business" means a light and power
25 business that purchases and retires renewable energy credits from a
26 facility in the state that begins or expands commercial operation after
27 the effective date of this act and that generates electricity from
28 methane gas derived from the anaerobic decomposition of organic matter
29 obtained from dairy cows in the state.

30 (6) "Renewable energy credit" has the same meaning as found in RCW
31 19.285.030(17).

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