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HOUSE BILL 1743

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State of Washington

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By Representatives Takko, McCoy, Van De Wege, and Kessler

Read first time 01/28/09. Referred to Committee on Technology, Energy & Communications.

1 AN ACT Relating to tax incentives for the production, distribution,  
2 sale, and use of alcohol fuel, wood biomass fuel, biodiesel fuel, and  
3 biodiesel feedstock; amending RCW 82.04.4335, 82.08.960, 82.12.960,  
4 82.29A.135, 84.36.635, and 84.36.640; reenacting and amending RCW  
5 82.04.260, 82.32.590, and 82.32.600; adding a new section to chapter  
6 82.32 RCW; providing an effective date; providing expiration dates; and  
7 declaring an emergency.

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

9 **Sec. 1.** RCW 82.04.260 and 2008 c 296 s 1, 2008 c 217 s 100, and  
10 2008 c 81 s 4 are each reenacted and amended to read as follows:

11 (1) Upon every person engaging within this state in the business of  
12 manufacturing:

13 (a) Wheat into flour, barley into pearl barley, soybeans into  
14 soybean oil, canola into canola oil, canola meal, or canola byproducts,  
15 or sunflower seeds into sunflower oil; as to such persons the amount of  
16 tax with respect to such business shall be equal to the value of the  
17 flour, pearl barley, oil, canola meal, or canola byproduct  
18 manufactured, multiplied by the rate of 0.138 percent;

1 (b) Beginning July 1, 2012, seafood products that remain in a raw,  
2 raw frozen, or raw salted state at the completion of the manufacturing  
3 by that person; or selling manufactured seafood products that remain in  
4 a raw, raw frozen, or raw salted state at the completion of the  
5 manufacturing, to purchasers who transport in the ordinary course of  
6 business the goods out of this state; as to such persons the amount of  
7 tax with respect to such business shall be equal to the value of the  
8 products manufactured or the gross proceeds derived from such sales,  
9 multiplied by the rate of 0.138 percent. Sellers must keep and  
10 preserve records for the period required by RCW 82.32.070 establishing  
11 that the goods were transported by the purchaser in the ordinary course  
12 of business out of this state;

13 (c) Beginning July 1, 2012, dairy products that as of September 20,  
14 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,  
15 including byproducts from the manufacturing of the dairy products such  
16 as whey and casein; or selling the same to purchasers who transport in  
17 the ordinary course of business the goods out of state; as to such  
18 persons the tax imposed shall be equal to the value of the products  
19 manufactured or the gross proceeds derived from such sales multiplied  
20 by the rate of 0.138 percent. Sellers must keep and preserve records  
21 for the period required by RCW 82.32.070 establishing that the goods  
22 were transported by the purchaser in the ordinary course of business  
23 out of this state;

24 (d) Beginning July 1, 2012, fruits or vegetables by canning,  
25 preserving, freezing, processing, or dehydrating fresh fruits or  
26 vegetables, or selling at wholesale fruits or vegetables manufactured  
27 by the seller by canning, preserving, freezing, processing, or  
28 dehydrating fresh fruits or vegetables and sold to purchasers who  
29 transport in the ordinary course of business the goods out of this  
30 state; as to such persons the amount of tax with respect to such  
31 business shall be equal to the value of the products manufactured or  
32 the gross proceeds derived from such sales multiplied by the rate of  
33 0.138 percent. Sellers must keep and preserve records for the period  
34 required by RCW 82.32.070 establishing that the goods were transported  
35 by the purchaser in the ordinary course of business out of this state;

36 (e) Until July 1, (~~2009~~) 2015, alcohol fuel, biodiesel fuel, or  
37 biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as

1 to such persons the amount of tax with respect to the business shall be  
2 equal to the value of alcohol fuel, biodiesel fuel, or biodiesel  
3 feedstock manufactured, multiplied by the rate of 0.138 percent; and

4 (f) Alcohol fuel or wood biomass fuel, as those terms are defined  
5 in RCW 82.29A.135; as to such persons the amount of tax with respect to  
6 the business shall be equal to the value of alcohol fuel or wood  
7 biomass fuel manufactured, multiplied by the rate of 0.138 percent.

8 (2) Upon every person engaging within this state in the business of  
9 splitting or processing dried peas; as to such persons the amount of  
10 tax with respect to such business shall be equal to the value of the  
11 peas split or processed, multiplied by the rate of 0.138 percent.

12 (3) Upon every nonprofit corporation and nonprofit association  
13 engaging within this state in research and development, as to such  
14 corporations and associations, the amount of tax with respect to such  
15 activities shall be equal to the gross income derived from such  
16 activities multiplied by the rate of 0.484 percent.

17 (4) Upon every person engaging within this state in the business of  
18 slaughtering, breaking and/or processing perishable meat products  
19 and/or selling the same at wholesale only and not at retail; as to such  
20 persons the tax imposed shall be equal to the gross proceeds derived  
21 from such sales multiplied by the rate of 0.138 percent.

22 (5) Upon every person engaging within this state in the business of  
23 acting as a travel agent or tour operator; as to such persons the  
24 amount of the tax with respect to such activities shall be equal to the  
25 gross income derived from such activities multiplied by the rate of  
26 0.275 percent.

27 (6) Upon every person engaging within this state in business as an  
28 international steamship agent, international customs house broker,  
29 international freight forwarder, vessel and/or cargo charter broker in  
30 foreign commerce, and/or international air cargo agent; as to such  
31 persons the amount of the tax with respect to only international  
32 activities shall be equal to the gross income derived from such  
33 activities multiplied by the rate of 0.275 percent.

34 (7) Upon every person engaging within this state in the business of  
35 stevedoring and associated activities pertinent to the movement of  
36 goods and commodities in waterborne interstate or foreign commerce; as  
37 to such persons the amount of tax with respect to such business shall  
38 be equal to the gross proceeds derived from such activities multiplied

1 by the rate of 0.275 percent. Persons subject to taxation under this  
2 subsection shall be exempt from payment of taxes imposed by chapter  
3 82.16 RCW for that portion of their business subject to taxation under  
4 this subsection. Stevedoring and associated activities pertinent to  
5 the conduct of goods and commodities in waterborne interstate or  
6 foreign commerce are defined as all activities of a labor, service or  
7 transportation nature whereby cargo may be loaded or unloaded to or  
8 from vessels or barges, passing over, onto or under a wharf, pier, or  
9 similar structure; cargo may be moved to a warehouse or similar holding  
10 or storage yard or area to await further movement in import or export  
11 or may move to a consolidation freight station and be stuffed,  
12 unstuffed, containerized, separated or otherwise segregated or  
13 aggregated for delivery or loaded on any mode of transportation for  
14 delivery to its consignee. Specific activities included in this  
15 definition are: Wharfage, handling, loading, unloading, moving of  
16 cargo to a convenient place of delivery to the consignee or a  
17 convenient place for further movement to export mode; documentation  
18 services in connection with the receipt, delivery, checking, care,  
19 custody and control of cargo required in the transfer of cargo;  
20 imported automobile handling prior to delivery to consignee; terminal  
21 stevedoring and incidental vessel services, including but not limited  
22 to plugging and unplugging refrigerator service to containers,  
23 trailers, and other refrigerated cargo receptacles, and securing ship  
24 hatch covers.

25 (8) Upon every person engaging within this state in the business of  
26 disposing of low-level waste, as defined in RCW 43.145.010; as to such  
27 persons the amount of the tax with respect to such business shall be  
28 equal to the gross income of the business, excluding any fees imposed  
29 under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

30 If the gross income of the taxpayer is attributable to activities  
31 both within and without this state, the gross income attributable to  
32 this state shall be determined in accordance with the methods of  
33 apportionment required under RCW 82.04.460.

34 (9) Upon every person engaging within this state as an insurance  
35 producer or title insurance agent licensed under chapter 48.17 RCW; as  
36 to such persons, the amount of the tax with respect to such licensed  
37 activities shall be equal to the gross income of such business  
38 multiplied by the rate of 0.484 percent.

1 (10) Upon every person engaging within this state in business as a  
2 hospital, as defined in chapter 70.41 RCW, that is operated as a  
3 nonprofit corporation or by the state or any of its political  
4 subdivisions, as to such persons, the amount of tax with respect to  
5 such activities shall be equal to the gross income of the business  
6 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
7 percent thereafter. The moneys collected under this subsection shall  
8 be deposited in the health services account created under RCW  
9 43.72.900.

10 (11)(a) Beginning October 1, 2005, upon every person engaging  
11 within this state in the business of manufacturing commercial  
12 airplanes, or components of such airplanes, or making sales, at retail  
13 or wholesale, of commercial airplanes or components of such airplanes,  
14 manufactured by the seller, as to such persons the amount of tax with  
15 respect to such business shall, in the case of manufacturers, be equal  
16 to the value of the product manufactured and the gross proceeds of  
17 sales of the product manufactured, or in the case of processors for  
18 hire, be equal to the gross income of the business, multiplied by the  
19 rate of:

20 (i) 0.4235 percent from October 1, 2005, through the later of June  
21 30, 2007; and

22 (ii) 0.2904 percent beginning July 1, 2007.

23 (b) Beginning July 1, 2008, upon every person who is not eligible  
24 to report under the provisions of (a) of this subsection (11) and is  
25 engaging within this state in the business of manufacturing tooling  
26 specifically designed for use in manufacturing commercial airplanes or  
27 components of such airplanes, or making sales, at retail or wholesale,  
28 of such tooling manufactured by the seller, as to such persons the  
29 amount of tax with respect to such business shall, in the case of  
30 manufacturers, be equal to the value of the product manufactured and  
31 the gross proceeds of sales of the product manufactured, or in the case  
32 of processors for hire, be equal to the gross income of the business,  
33 multiplied by the rate of 0.2904 percent.

34 (c) For the purposes of this subsection (11), "commercial airplane"  
35 and "component" have the same meanings as provided in RCW 82.32.550.

36 (d) In addition to all other requirements under this title, a  
37 person eligible for the tax rate under this subsection (11) must report  
38 as required under RCW 82.32.545.

1 (e) This subsection (11) does not apply on and after July 1, 2024.

2 (12)(a) Until July 1, 2024, upon every person engaging within this  
3 state in the business of extracting timber or extracting for hire  
4 timber; as to such persons the amount of tax with respect to the  
5 business shall, in the case of extractors, be equal to the value of  
6 products, including byproducts, extracted, or in the case of extractors  
7 for hire, be equal to the gross income of the business, multiplied by  
8 the rate of 0.4235 percent from July 1, 2006, through June 30, 2007,  
9 and 0.2904 percent from July 1, 2007, through June 30, 2024.

10 (b) Until July 1, 2024, upon every person engaging within this  
11 state in the business of manufacturing or processing for hire: (i)  
12 Timber into timber products or wood products; or (ii) timber products  
13 into other timber products or wood products; as to such persons the  
14 amount of the tax with respect to the business shall, in the case of  
15 manufacturers, be equal to the value of products, including byproducts,  
16 manufactured, or in the case of processors for hire, be equal to the  
17 gross income of the business, multiplied by the rate of 0.4235 percent  
18 from July 1, 2006, through June 30, 2007, and 0.2904 percent from July  
19 1, 2007, through June 30, 2024.

20 (c) Until July 1, 2024, upon every person engaging within this  
21 state in the business of selling at wholesale: (i) Timber extracted by  
22 that person; (ii) timber products manufactured by that person from  
23 timber or other timber products; or (iii) wood products manufactured by  
24 that person from timber or timber products; as to such persons the  
25 amount of the tax with respect to the business shall be equal to the  
26 gross proceeds of sales of the timber, timber products, or wood  
27 products multiplied by the rate of 0.4235 percent from July 1, 2006,  
28 through June 30, 2007, and 0.2904 percent from July 1, 2007, through  
29 June 30, 2024.

30 (d) Until July 1, 2024, upon every person engaging within this  
31 state in the business of selling standing timber; as to such persons  
32 the amount of the tax with respect to the business shall be equal to  
33 the gross income of the business multiplied by the rate of 0.2904  
34 percent. For purposes of this subsection (12)(d), "selling standing  
35 timber" means the sale of timber apart from the land, where the buyer  
36 is required to sever the timber within thirty months from the date of  
37 the original contract, regardless of the method of payment for the

1 timber and whether title to the timber transfers before, upon, or after  
2 severance.

3 (e) For purposes of this subsection, the following definitions  
4 apply:

5 (i) "Biocomposite surface products" means surface material products  
6 containing, by weight or volume, more than fifty percent recycled paper  
7 and that also use nonpetroleum-based phenolic resin as a bonding agent.

8 (ii) "Paper and paper products" means products made of interwoven  
9 cellulosic fibers held together largely by hydrogen bonding. "Paper  
10 and paper products" includes newsprint; office, printing, fine, and  
11 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
12 kraft bag, construction, and other kraft industrial papers; paperboard,  
13 liquid packaging containers, containerboard, corrugated, and solid-  
14 fiber containers including linerboard and corrugated medium; and  
15 related types of cellulosic products containing primarily, by weight or  
16 volume, cellulosic materials. "Paper and paper products" does not  
17 include books, newspapers, magazines, periodicals, and other printed  
18 publications, advertising materials, calendars, and similar types of  
19 printed materials.

20 (iii) "Recycled paper" means paper and paper products having fifty  
21 percent or more of their fiber content that comes from postconsumer  
22 waste. For purposes of this subsection (12)(e)(iii), "postconsumer  
23 waste" means a finished material that would normally be disposed of as  
24 solid waste, having completed its life cycle as a consumer item.

25 (iv) "Timber" means forest trees, standing or down, on privately or  
26 publicly owned land. "Timber" does not include Christmas trees that  
27 are cultivated by agricultural methods or short-rotation hardwoods as  
28 defined in RCW 84.33.035.

29 (v) "Timber products" means:

30 (A) Logs, wood chips, sawdust, wood waste, and similar products  
31 obtained wholly from the processing of timber, short-rotation hardwoods  
32 as defined in RCW 84.33.035, or both;

33 (B) Pulp, including market pulp and pulp derived from recovered  
34 paper or paper products; and

35 (C) Recycled paper, but only when used in the manufacture of  
36 biocomposite surface products.

37 (vi) "Wood products" means paper and paper products; dimensional

1 lumber; engineered wood products such as particleboard, oriented strand  
2 board, medium density fiberboard, and plywood; wood doors; wood  
3 windows; and biocomposite surface products.

4 (13) Upon every person engaging within this state in inspecting,  
5 testing, labeling, and storing canned salmon owned by another person,  
6 as to such persons, the amount of tax with respect to such activities  
7 shall be equal to the gross income derived from such activities  
8 multiplied by the rate of 0.484 percent.

9 (14) A person reporting pursuant to subsection (1)(e) or (f) of  
10 this section must file a complete annual survey with the department  
11 pursuant to section 8 of this act.

12 **Sec. 2.** RCW 82.04.4335 and 2003 c 339 s 12 are each amended to  
13 read as follows:

14 (1)(a) In computing tax there may be deducted from the measure of  
15 tax amounts received from the retail sale, or for the distribution, of  
16 wood biomass fuel.

17 (b) A person claiming the deduction provided in this section must  
18 file a complete annual survey with the department pursuant to section  
19 8 of this act.

20 (2) For the purposes of this (~~act~~[~~section~~]) section, the  
21 following definitions apply:

22 (a) "Wood biomass fuel" means a pyrolytic liquid fuel or synthesis  
23 gas-derived liquid fuel, used in internal combustion engines, and  
24 produced from wood, forest, or field residue, or dedicated energy crops  
25 that do not include wood pieces that have been treated with chemical  
26 preservatives such as creosote, pentachlorophenol, or copper-chroma-  
27 arsenic.

28 (b) "Distribution" means any of the actions specified in RCW  
29 82.36.020(2).

30 (3) This section expires July 1, (~~2009~~) 2015.

31 **Sec. 3.** RCW 82.08.960 and 2003 c 339 s 13 are each amended to read  
32 as follows:

33 (1) The tax levied by RCW 82.08.020 does not apply to sales of  
34 machinery and equipment, or to services rendered in respect to  
35 constructing structures, installing, constructing, repairing, cleaning,  
36 decorating, altering, or improving of structures or machinery and



1 equipment, or to sales of tangible personal property that becomes an  
2 ingredient or component of structures or machinery and equipment, if  
3 the machinery, equipment, or structure is used directly for the retail  
4 sale of a wood biomass fuel blend. Structures and machinery and  
5 equipment that are used for the retail sale of a wood biomass fuel  
6 blend and for other purposes are exempt only on the portion used  
7 directly for the retail sale of a wood biomass fuel blend.

8 (2) The tax levied by RCW 82.08.020 does not apply to sales of fuel  
9 delivery vehicles or to sales of or charges made for labor and services  
10 rendered in respect to installing, repairing, cleaning, altering, or  
11 improving the vehicles including repair parts and replacement parts if  
12 at least seventy-five percent of the fuel distributed by the vehicles  
13 is a wood biomass fuel blend.

14 (3) A person taking the exemption under this section must keep  
15 records necessary for the department to verify eligibility under this  
16 section. The exemption is available only when the buyer provides the  
17 seller with an exemption certificate in a form and manner prescribed by  
18 the department. The seller shall retain a copy of the certificate for  
19 the seller's files.

20 (4) A person claiming an exemption provided in this section must  
21 file a complete annual survey with the department under section 8 of  
22 this act.

23 (5) For the purposes of this section, the definitions in ((RCW  
24 82.69.010 [2003 c 339 § 1] and)) this subsection apply.

25 (a) "Wood biomass fuel blend" means fuel that contains at least  
26 twenty percent wood biomass fuel by volume.

27 (b) "Machinery and equipment" means industrial fixtures, devices,  
28 and support facilities and tangible personal property that becomes an  
29 ingredient or component thereof, including repair parts and replacement  
30 parts that are integral and necessary for the delivery of a wood  
31 biomass fuel blend into the fuel tank of a motor vehicle.

32 ((+5)) (6) This section expires July 1, ((2009)) 2015.

33 **Sec. 4.** RCW 82.12.960 and 2003 c 339 s 14 are each amended to read  
34 as follows:

35 (1) The provisions of this chapter do not apply in respect to the  
36 use of machinery and equipment, or to services rendered in respect to  
37 installing, repairing, cleaning, altering, or improving of eligible

1 machinery and equipment, or tangible personal property that becomes an  
2 ingredient or component of machinery and equipment used directly for  
3 the retail sale of a wood biomass fuel blend.

4 (2) The provisions of this chapter do not apply in respect to the  
5 use of fuel delivery vehicles including repair parts and replacement  
6 parts and to services rendered in respect to installing, repairing,  
7 cleaning, altering, or improving the vehicles if at least seventy-five  
8 percent of the fuel distributed by the vehicles is a wood biomass fuel  
9 blend.

10 (3) A person claiming an exemption provided in this section must  
11 file a complete annual survey with the department under section 8 of  
12 this act.

13 (4) For the purposes of this section, the definitions in RCW  
14 82.08.960 apply.

15 (~~(4)~~) (5) This section expires July 1, (~~(2009)~~) 2015.

16 **Sec. 5.** RCW 82.29A.135 and 2008 c 268 s 2 are each amended to read  
17 as follows:

18 (1) For the purposes of this section:

19 (a) "Alcohol fuel" means any alcohol made from a product other than  
20 petroleum or natural gas, which is used alone or in combination with  
21 gasoline or other petroleum products for use as a fuel for motor  
22 vehicles, farm implements, and machines or implements of husbandry.

23 (b) "Anaerobic digester" has the same meaning as provided in RCW  
24 82.08.900.

25 (c) "Biodiesel feedstock" means oil that is produced from an  
26 agricultural crop for the sole purpose of ultimately producing  
27 biodiesel fuel.

28 (d) "Biodiesel fuel" means a mono alkyl ester of long chain fatty  
29 acids derived from vegetable oils or animal fats for use in  
30 compression-ignition engines and that meets the requirements of the  
31 American society of testing and materials specification D 6751 in  
32 effect as of January 1, 2003.

33 (e) "Wood biomass fuel" means a pyrolytic liquid fuel or synthesis  
34 gas-derived liquid fuel, used in internal combustion engines, and  
35 produced from wood, forest, or field residue, or dedicated energy crops  
36 that do not include wood pieces that have been treated with chemical

1 preservatives such as creosote, pentachlorophenol, or copper-chroma-  
2 arsenic.

3 (2)(a) All leasehold interests in buildings, machinery, equipment,  
4 and other personal property which are used primarily for the  
5 manufacturing of alcohol fuel, wood biomass fuel, biodiesel fuel,  
6 biodiesel feedstock, or the operation of an anaerobic digester, the  
7 land upon which this property is located, and land that is reasonably  
8 necessary in the manufacturing of alcohol fuel, wood biomass fuel,  
9 biodiesel fuel, biodiesel feedstock, or the operation of an anaerobic  
10 digester, but not land necessary for growing of crops, which together  
11 comprise a new manufacturing facility or an addition to an existing  
12 manufacturing facility, are exempt from leasehold taxes for a period of  
13 six years from the date on which the facility or the addition to the  
14 existing facility becomes operational.

15 (b) For manufacturing facilities which produce products in addition  
16 to alcohol fuel, wood biomass fuel, biodiesel fuel, or biodiesel  
17 feedstock, the amount of the leasehold tax exemption shall be based  
18 upon the annual percentage of the total value of all products  
19 manufactured that is the value of the alcohol fuel, wood biomass fuel,  
20 biodiesel fuel, and biodiesel feedstock manufactured.

21 (3) Claims for exemptions authorized by this section shall be filed  
22 with the department of revenue on forms prescribed by the department of  
23 revenue and furnished by the department of revenue. Once filed, the  
24 exemption is valid for six years and shall not be renewed. The  
25 department of revenue shall verify and approve claims as the department  
26 of revenue determines to be justified and in accordance with this  
27 section. No claims may be filed after December 31, (~~(2009, except for~~  
28 ~~claims for anaerobic digesters, which may be filed no later than~~  
29 ~~December 31,)~~) 2012.

30 (4) A person claiming an exemption provided in this section must  
31 file a complete annual survey with the department under section 8 of  
32 this act.

33 (5) The department of revenue may promulgate such rules, pursuant  
34 to chapter 34.05 RCW, as are necessary to properly administer this  
35 section.

36 **Sec. 6.** RCW 84.36.635 and 2008 c 268 s 1 are each amended to read  
37 as follows:

1 (1) For the purposes of this section:

2 (a) "Alcohol fuel" means any alcohol made from a product other than  
3 petroleum or natural gas, which is used alone or in combination with  
4 gasoline or other petroleum products for use as a fuel for motor  
5 vehicles, farm implements, and machines or implements of husbandry.

6 (b) "Anaerobic digester" has the same meaning as provided in RCW  
7 82.08.900.

8 (c) "Biodiesel feedstock" means oil that is produced from an  
9 agricultural crop for the sole purpose of ultimately producing  
10 biodiesel fuel.

11 (d) "Biodiesel fuel" means a mono alkyl ester of long chain fatty  
12 acids derived from vegetable oils or animal fats for use in  
13 compression-ignition engines and that meets the requirements of the  
14 American society of testing and materials specification D 6751 in  
15 effect as of January 1, 2003.

16 (2)(a) All buildings, machinery, equipment, and other personal  
17 property which are used primarily for the manufacturing of alcohol  
18 fuel, biodiesel fuel, biodiesel feedstock, or the operation of an  
19 anaerobic digester, the land upon which this property is located, and  
20 land that is reasonably necessary in the manufacturing of alcohol fuel,  
21 biodiesel fuel, biodiesel feedstock, or the operation of an anaerobic  
22 digester, but not land necessary for growing of crops, which together  
23 comprise a new manufacturing facility or an addition to an existing  
24 manufacturing facility, are exempt from property taxation for the six  
25 assessment years following the date on which the facility or the  
26 addition to the existing facility becomes operational.

27 (b) For manufacturing facilities which produce products in addition  
28 to alcohol fuel, biodiesel fuel, or biodiesel feedstock, the amount of  
29 the property tax exemption shall be based upon the annual percentage of  
30 the total value of all products manufactured that is the value of the  
31 alcohol fuel, biodiesel fuel, and biodiesel feedstock manufactured.

32 (3) Claims for exemptions authorized by this section shall be filed  
33 with the county assessor on forms prescribed by the department of  
34 revenue and furnished by the assessor. Once filed, the exemption is  
35 valid for six years and shall not be renewed. The assessor shall  
36 verify and approve claims as the assessor determines to be justified  
37 and in accordance with this section. No claims may be filed after

1 December 31, (~~2009, except for claims for anaerobic digesters, which~~  
2 ~~may be filed no later than December 31,~~) 2012.

3 (4) A person claiming an exemption provided in this section must  
4 file a complete annual survey with the department of revenue under  
5 section 8 of this act.

6 (5) The department of revenue may promulgate such rules, pursuant  
7 to chapter 34.05 RCW, as necessary to properly administer this section.

8 **Sec. 7.** RCW 84.36.640 and 2003 c 339 s 9 are each amended to read  
9 as follows:

10 (1) For the purposes of this section, "wood biomass fuel" means a  
11 pyrolytic liquid fuel or synthesis gas-derived liquid fuel, used in  
12 internal combustion engines, and produced from wood, forest, or field  
13 residue, or dedicated energy crops that do not include wood pieces that  
14 have been treated with chemical preservatives such as creosote,  
15 pentachlorophenol, or copper-chroma-arsenic.

16 (2)(a) All buildings, machinery, equipment, and other personal  
17 property which is used primarily for the manufacturing of wood biomass  
18 fuel, the land upon which this property is located, and land that is  
19 reasonably necessary in the manufacturing of wood biomass fuel, but not  
20 land necessary for growing of crops, which together comprise a new  
21 manufacturing facility or an addition to an existing manufacturing  
22 facility, are exempt from property taxation for the six assessment  
23 years following the date on which the facility or the addition to the  
24 existing facility becomes operational.

25 (b) For manufacturing facilities which produce products in addition  
26 to wood biomass fuel, the amount of the property tax exemption shall be  
27 based upon the annual percentage of the total value of all products  
28 manufactured that is the value of the wood biomass fuel manufactured.

29 (3) Claims for exemptions authorized by this section shall be filed  
30 with the county assessor on forms prescribed by the department of  
31 revenue and furnished by the assessor. Once filed, the exemption is  
32 valid for six years and shall not be renewed. The assessor shall  
33 verify and approve claims as the assessor determines to be justified  
34 and in accordance with this section. No claims may be filed after  
35 December 31, (~~2009~~) 2012.

36 (4) A person claiming an exemption provided in this section must

1 file a complete annual survey with the department of revenue under  
2 section 8 of this act.

3 (5) The department of revenue may promulgate such rules, pursuant  
4 to chapter 34.05 RCW, as necessary to properly administer this section.

5 NEW SECTION. **Sec. 8.** A new section is added to chapter 82.32 RCW  
6 to read as follows:

7 (1)(a) A person claiming a tax preference that requires a survey  
8 under this section must file a complete annual survey with the  
9 department by March 31st of the year following any calendar year in  
10 which a person becomes eligible to claim the tax preference.

11 (b) The department may extend the due date for timely filing of  
12 annual surveys under this section, as provided in RCW 82.32.590.

13 (2)(a) The survey must include the amount of the tax preference  
14 claimed for the calendar year covered by the survey.

15 (b) The survey must also include the following information for  
16 employment positions in Washington, excluding the names of employees,  
17 for the year that the tax preference was claimed:

18 (i) The number of total employment positions;

19 (ii) Full-time, part-time, and temporary employment positions, as  
20 a percent of total employment;

21 (iii) The number of employment positions, according to the  
22 following wage bands: Less than thirty thousand dollars; more than  
23 thirty thousand dollars but less than sixty thousand dollars; and sixty  
24 thousand dollars or more. A wage band containing fewer than three  
25 individuals may be combined with another wage band; and

26 (iv) The number of employment positions that have medical, dental,  
27 and retirement benefits provided by an employer, by each of the wage  
28 bands.

29 (c) If the person filing a survey under this section did not file  
30 a survey with the department in the previous calendar year, the survey  
31 filed under this section must also include the employment, wage, and  
32 benefit information required under (b)(i) through (iv) of this  
33 subsection for the calendar year immediately preceding the calendar  
34 year for which a tax preference was claimed.

35 (3) As part of the annual survey, the department may request  
36 additional information necessary to measure the results of, or  
37 determine eligibility for, the tax preference.

1 (4) All information collected under this section, except the amount  
2 of the tax preference claimed, is deemed taxpayer information under RCW  
3 82.32.330. Information on the amount of tax preference claimed is not  
4 subject to the confidentiality provisions of RCW 82.32.330 and may be  
5 disclosed to the public upon request, except as provided in subsection  
6 (5) of this section. If the amount of the tax preference claimed as  
7 reported on the survey is different than the amount actually claimed or  
8 otherwise allowed by the department based on the taxpayer's excise tax  
9 returns or other information known to the department, the amount  
10 actually claimed or allowed may be disclosed.

11 (5) Persons for whom the actual amount of the tax reduced or saved  
12 is less than ten thousand dollars during the period covered by the  
13 survey may request the department to treat the amount of the tax  
14 reduction or savings as confidential under RCW 82.32.330.

15 (6)(a) Except as otherwise provided by law, if a person claims a  
16 tax preference that requires an annual survey under this section but  
17 fails to submit a complete annual survey by the due date of the survey  
18 or any extension under RCW 82.32.590, the department must declare the  
19 amount of the tax preference claimed for the previous calendar year to  
20 be immediately due.

21 (b) The department must assess interest, but not penalties, on the  
22 amounts due under this subsection. The interest must be assessed at  
23 the rate provided for delinquent taxes under this chapter,  
24 retroactively to the date the tax preference was claimed, and accrues  
25 until the taxes for which the tax preference was claimed are repaid.  
26 Amounts due under this subsection are not subject to the  
27 confidentiality provisions of RCW 82.32.330 and may be disclosed to the  
28 public upon request.

29 (7) The department must use the information from this section to  
30 prepare summary descriptive statistics by category. No fewer than  
31 three taxpayers may be included in any category. The department must  
32 report these statistics to the legislature each year by October 1st.

33 (8) For the purposes of this section:

34 (a) "Person" has the meaning provided in RCW 82.04.030 and also  
35 includes the state and its departments and institutions.

36 (b) "Tax preference" has the meaning provided in RCW 43.136.021 and  
37 includes only the tax preferences requiring a survey under this  
38 section.

1       **Sec. 9.** RCW 82.32.590 and 2008 c 81 s 13 and 2008 c 15 s 7 are  
2 each reenacted and amended to read as follows:

3       (1) If the department finds that the failure of a taxpayer to file  
4 an annual survey or annual report under RCW 82.04.4452, 82.32.5351,  
5 82.32.650, 82.32.630, 82.32.610, section 8 of this act, 82.82.020, or  
6 82.74.040 by the due date was the result of circumstances beyond the  
7 control of the taxpayer, the department shall extend the time for  
8 filing the survey or report. Such extension shall be for a period of  
9 thirty days from the date the department issues its written  
10 notification to the taxpayer that it qualifies for an extension under  
11 this section. The department may grant additional extensions as it  
12 deems proper.

13       (2) In making a determination whether the failure of a taxpayer to  
14 file an annual survey or annual report by the due date was the result  
15 of circumstances beyond the control of the taxpayer, the department  
16 shall be guided by rules adopted by the department for the waiver or  
17 cancellation of penalties when the underpayment or untimely payment of  
18 any tax was due to circumstances beyond the control of the taxpayer.

19       **Sec. 10.** RCW 82.32.600 and 2008 c 81 s 14 and 2008 c 15 s 8 are  
20 each reenacted and amended to read as follows:

21       (1) Persons required to file annual surveys or annual reports under  
22 RCW 82.04.4452, 82.32.5351, 82.32.545, 82.32.610, section 8 of this  
23 act, 82.32.630, 82.82.020, or 82.74.040 must electronically file with  
24 the department all surveys, reports, returns, and any other forms or  
25 information the department requires in an electronic format as provided  
26 or approved by the department. As used in this section, "returns" has  
27 the same meaning as "return" in RCW 82.32.050.

28       (2) Any survey, report, return, or any other form or information  
29 required to be filed in an electronic format under subsection (1) of  
30 this section is not filed until received by the department in an  
31 electronic format.

32       (3) The department may waive the electronic filing requirement in  
33 subsection (1) of this section for good cause shown.

34       NEW SECTION. **Sec. 11.** Sections 1 through 4, 8, and 10 of this act  
35 are necessary for the immediate preservation of the public peace,



1 health, or safety, or support of the state government and its existing  
2 public institutions, and take effect June 30, 2009.

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