
HOUSE BILL 2104

State of Washington 64th Legislature 2015 Regular Session

By Representatives Tharinger, Vick, Van De Wege, and Orcutt

Read first time 02/12/15. Referred to Committee on Finance.

1 AN ACT Relating to providing a public utilities tax credit for
2 forest derived biomass used to produce energy; amending RCW
3 82.04.4494; adding a new section to chapter 82.16 RCW; creating a new
4 section; providing an effective date; providing expiration dates; and
5 declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** (1) It is the intent of the legislature to
8 utilize Washington's abundant forest resources to promote diversified
9 renewable energy use, and to promote healthy, fire resistant forests
10 in the state. This section is the tax preference performance
11 statement for the tax preference contained in section 2 of this act.
12 This performance statement is only intended to be used for subsequent
13 evaluation of the tax preference. It is not intended to create a
14 private right of action by any party or be used to determine
15 eligibility for preferential tax treatment.

16 (2) The legislature categorizes this tax preference as one
17 intended to induce certain designated behavior by taxpayers, as
18 indicated in RCW 82.32.808(2)(a).

19 (3) It is the legislature's specific public policy objective to
20 promote the production of steam, heat, electricity, or biofuel using
21 forest derived biomass that is renewable and has been deemed carbon-

1 neutral under RCW 70.235.020(3), and that can replace the use of
2 fossil fuel to produce energy and help with achieving the state's
3 renewable energy and greenhouse gas emissions targets. The
4 legislature finds that the use of forest derived biomass to produce
5 energy helps defray the cost of forest thinning, improve forest
6 health, and reduce the threat of wildfires. It is the legislature's
7 intent to provide a forest derived biomass credit in order to
8 encourage the harvest, collection, and use of more than eleven
9 million tons of forest derived biomass available annually for the
10 purpose of producing renewable, carbon-neutral energy and helping the
11 state achieve its renewable energy targets, achieve its greenhouse
12 gas emissions targets, improve forest health, and reduce the threat
13 of wildfires.

14 (4) If a review finds that the amount of forest derived biomass
15 collected and used to produce energy between July 1, 2015, and June
16 30, 2024, increases by at least an average annual rate of ten percent
17 per year, then the legislature intends to extend the expiration date
18 of the tax preference.

19 (5) In order to obtain the data necessary to perform the review
20 in subsection (4) of this section, the joint legislative audit and
21 review committee may refer to data available from the department of
22 revenue and any other data source it deems necessary.

23 **Sec. 2.** RCW 82.04.4494 and 2009 c 469 s 401 are each amended to
24 read as follows:

25 (1) In computing the tax imposed under this chapter, harvesters
26 are allowed a credit against the amount of tax otherwise due under
27 this chapter, as provided in this section. The credit per harvested
28 green ton of forest derived biomass sold, transferred, or used for
29 production of electricity, steam, heat, or biofuel is as follows:

30 (a) For forest derived biomass harvested October 1, 2009, through
31 June 30, 2010, zero dollars;

32 (b) For forest derived biomass harvested July 1, 2010, through
33 June 30, 2013, three dollars;

34 (c) For forest derived biomass harvested on or after July 1,
35 2013, (~~(through June 30, 2015,)~~) five dollars.

36 (2) Credit may not be claimed for forest derived biomass sold,
37 transferred, or used before July 1, 2009. Credit is earned for the
38 reporting period during which the forest derived biomass is
39 harvested. The amount of credit allowed for a reporting period may

1 not exceed the tax otherwise due under this chapter for that
2 reporting period. Any unused (~~excess~~) credit in a reporting period
3 may be carried forward to future reporting periods for a maximum of
4 two years. Beginning October 1, 2015, the harvester may also apply
5 unused credits against the tax imposed in chapter 82.16 RCW.

6 (3) (~~For the purposes of this section, "harvested" and~~
7 ~~"harvesters" are defined in RCW 84.33.035, and "biofuel" is defined~~
8 ~~in RCW 43.325.010.~~) Harvesters claiming credit under this section
9 must file a complete annual survey with the department under RCW
10 82.32.585.

11 (4) The definitions in this subsection apply throughout this
12 section unless the context clearly requires otherwise.

13 (a) "Biofuel" has the same meaning as provided in RCW 43.325.010.

14 (b) "Harvested" and "harvesters" have the same meanings as
15 provided in RCW 84.33.035.

16 (5) This section expires (~~June 30, 2015~~) July 1, 2025.

17 NEW SECTION. Sec. 3. A new section is added to chapter 82.16
18 RCW to read as follows:

19 (1) Beginning October 1, 2015, harvesters as defined under RCW
20 84.33.035 may apply unused credits under RCW 82.04.4494 against the
21 tax imposed under this chapter. Unused credits may be claimed against
22 taxes due under this chapter for the reporting period in which the
23 credit was earned, and any remaining unused credit may be carried
24 forward to future reporting periods for a maximum of two years.

25 (2) Every taxpayer applying unused credits under RCW 82.04.4494
26 to the tax imposed under this chapter must file a complete annual
27 survey with the department under RCW 82.32.585.

28 (3) This section expires July 1, 2025.

29 NEW SECTION. Sec. 4. This act is necessary for the immediate
30 preservation of the public peace, health, or safety, or support of
31 the state government and its existing public institutions, and takes
32 effect June 30, 2015.

--- END ---