
**Innovation, Technology & Economic
Development Committee**

HB 2611

Brief Description: Promoting the development of the Washington state bioeconomy.

Sponsors: Representatives Duerr, Mead, Ramel, Fitzgibbon, Gregerson and Pollet.

Brief Summary of Bill

- Directs the University of Washington to conduct a study identifying opportunities to further develop Washington's bioeconomy.

Hearing Date: 1/29/20

Staff: Kyle Raymond (786-7190).

Background:

Biorefinery Study.

In the 2019-21 biennial operating budget, \$300,000 for matching nonstate funding contributions was provided to the University of Washington to study of the feasibility of constructing a biorefinery in southwest Washington. The study must do the following:

- assess the supply of biomass, including poplar feedstock grown in low-value lands and hardwood sawmill residuals;
- assess the potential for using poplar simultaneously for water treatment and as a biorefinery feedstock;
- assess southwest Washington landowner interest in growing poplar feedstock; and
- evaluate options for locating a biorefinery in southwest Washington that considers potential for integration of future biorefineries with existing facilities such as power plants and pulp mills.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In addition, the study must result in a comprehensive technical and economic evaluation for southwest Washington biorefineries to be used by biorefinery technology companies to develop their business plans and to attract potential investors.

Washington Clean Energy Transformation Act.

The Washington Clean Energy Transformation Act (CETA) requires that all retail sales of electricity to Washington customers be greenhouse gas neutral by January 1, 2030, and that nonemitting and renewable resources supply 100 percent of all retail sales of electricity to Washington customers by January 1, 2045.

Under CETA, a biomass energy is listed a renewable resources, and biomass energy includes:

- organic by-products of pulping and the wood manufacturing process;
- animal manure;
- solid organic fuels from wood;
- forest or field residues;
- untreated wooden demolition or construction debris;
- food waste and food processing residuals;
- liquors derived from algae;
- dedicated energy crops; and
- yard waste.

Manufacturing of Wood Biomass Fuel Tax Preference.

Under state law, there is a reduced business and occupation tax rate for manufacturing of wood biomass fuel. The rate of the tax is equal to the value of wood biomass fuel manufactured, multiplied by the rate of 0.138 percent. The manufacturing B&O tax rate is 0.484 percent of gross receipts. There is also a sales and tax exemption on machinery and equipment used to generate electricity using fuel cells, sun, wind, biomass energy, tidal and wave energy, geothermal resources, and technology that converts otherwise lost energy from exhaust.

Summary of Bill:

The University of Washington must conduct a study identifying opportunities to further develop Washington's bioeconomy to expand the use of renewable biological resources in the production of fuels, chemicals, and other materials.

The study must do the following:

- develop new processes that use biomass resources to produce high value chemicals, high value products, and high volume fuels in Washington, including the development of processes to fractionate feedstocks, such as woody biomass;
- develop biomass production systems that provide effective water treatments in Washington, with an emphasis on cleaning municipal treatment wastewater and roadway storm-water;
- identify and assess optimal locations throughout Washington to site a biorefinery factory; and
- identify and analyze policy options that can promote the further development of a circular bioeconomy in Washington.

By July 1, 2023, the results of the study must be submitted in a report to the appropriate committees of the Legislature.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.