
HOUSE BILL 2410

State of Washington

68th Legislature

2024 Regular Session

By Representatives Ybarra and Caldier

Read first time 01/17/24. Referred to Committee on Finance.

1 AN ACT Relating to jet fuel; amending RCW 82.04.287, 82.04.436,
2 and 70A.535.150; creating new sections; and providing an effective
3 date.

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

5 NEW SECTION. **Sec. 1.** The legislature intends to support the
6 development of the alternative jet fuels industry in Washington by
7 expanding existing tax preferences to encourage businesses to locate
8 in distressed areas of the state. The legislature intends for the
9 incentives to be focused on the beginning of commercial production
10 levels when they provide the most productive benefits, while
11 providing opportunities for workforce development and long-term
12 employment opportunities in distressed areas.

13 **Sec. 2.** RCW 82.04.287 and 2023 c 232 s 9 are each amended to
14 read as follows:

15 (1) Upon every person engaging within the state in the business
16 of manufacturing alternative jet fuel; as to such persons, the amount
17 of the tax with respect to such business is, in the case of
18 manufacturers, equal to the value of the product manufactured, or in
19 the case of processors for hire, equal to the gross income of the
20 business, multiplied by the rate of 0.275 percent.

1 (2) Upon every person engaging in making sales, at retail or
2 wholesale, of manufactured alternative jet fuel; as to such persons,
3 the amount of the tax with respect to such business is equal to the
4 gross proceeds of sales of the alternative jet fuel, multiplied by
5 the rate of 0.275 percent.

6 (3) For the purposes of this section, "alternative jet fuel"
7 means a fuel that can be blended and used with conventional petroleum
8 jet fuels without the need to modify aircraft engines and existing
9 fuel distribution infrastructure and that has lower greenhouse gas
10 emissions based on a full life-cycle analysis when compared to
11 conventional petroleum jet fuel for which it is capable as serving as
12 a substitute, as certified by the department of ecology using the
13 methods for determining the carbon intensity of fuels under chapter
14 70A.535 RCW. "Alternative jet fuel" includes jet fuels derived from
15 coprocessed feedstocks at a conventional petroleum refinery as
16 certified by the department of ecology using the methods for
17 determining the carbon intensity of fuels under chapter 70A.535 RCW.

18 (4) A person reporting under the tax rate provided in this
19 section must file a complete annual tax performance report with the
20 department under RCW 82.32.534.

21 (5) (a) ~~((The))~~ Except as provided in (b) of this subsection, the
22 tax rate under subsections (1) and (2) of this section takes effect
23 on the first day of the first calendar quarter following the month in
24 which the department receives notice from the department of ecology
25 that there are one or more facilities operating in this state with a
26 cumulative production capacity of at least 20,000,000 gallons of
27 alternative jet fuel each year, as required in RCW 70A.535.150.

28 (b) For a business that produces alternative jet fuel and is
29 located in a distressed area in this state, the tax rate under
30 subsections (1) and (2) of this section takes effect on the first day
31 of the first calendar quarter following the month in which the
32 department receives notice from the department of ecology, as
33 required in RCW 70A.535.150, that the particular facility has a
34 facility-specific production capacity of at least 500,000 gallons of
35 alternative jet fuel each year.

36 ~~((b))~~ (c) The tax rate expires nine calendar years after the
37 close of the calendar year in which the ~~((tax rate under subsections~~
38 ~~(1) and (2) of this section takes effect))~~ department receives notice
39 from the department of ecology that there are one or more facilities
40 operating in this state with a cumulative production capacity of at

1 least 20,000,000 gallons of alternative jet fuel each year, as
2 required in RCW 70A.535.150.

3 (6) For purposes of this section, "distressed area" and
4 "qualifying county" have the same meanings as in RCW 82.04.436.

5 **Sec. 3.** RCW 82.04.436 and 2023 c 232 s 10 are each amended to
6 read as follows:

7 (1)(a) Subject to the limits and provisions of this section, a
8 credit is allowed against the tax otherwise due under this chapter
9 for persons engaged in the manufacturing of alternative jet fuel.

10 (b) Except as provided in (c) of this subsection, the credit
11 under this section is equal to \$1 for each gallon of alternative jet
12 fuel that has at least 50 percent less carbon dioxide equivalent
13 emissions than conventional petroleum jet fuel and is sold during the
14 prior calendar year by:

15 (i) A business that produces alternative jet fuel and is located
16 in a qualifying county; ~~((or))~~

17 (ii) A business's designated alternative jet fuel blender that is
18 located in this state; or

19 (iii) A business that produces alternative jet fuel and is
20 located in a distressed area in the state.

21 (c) The credit amount under (b) of this subsection must increase
22 by 2 cents for each additional one percent reduction in carbon
23 dioxide equivalent emissions beyond 50 percent, not to exceed \$2 for
24 each gallon of alternative jet fuel.

25 (d) A person may ~~((not))~~ receive credit under ~~((both))~~ either
26 (b)(i) ~~((and))~~, (ii), or (iii) of this subsection.

27 (e) The credit under this section is calculated only on the
28 portion of jet fuel that is considered alternative jet fuel and does
29 not include conventional petroleum jet fuel when such fuels are
30 blended or otherwise used in a jet fuel mixture.

31 (f) A credit under ~~((this section))~~ (b)(i) or (ii) of this
32 subsection may not be claimed until the department of ecology
33 verifies that there are one or more facilities operating in this
34 state with cumulative production capacity of at least 20,000,000
35 gallons of alternative jet fuel each year and has provided such
36 notice to the department.

37 (g) A credit under this section may not be claimed by a business
38 under (b)(iii) of this subsection (1) until after June 30, 2025, and
39 after the department of ecology has provided notice to the department

1 that it verified that the business is operating a facility with a
2 facility-specific production capacity of at least 500,000 gallons of
3 alternative jet fuel each year.

4 (h) Contract pricing for sales of alternative jet fuel between a
5 person claiming the credit under this section and the final consumer
6 must reflect the per gallon credit under (b) and (c) of this
7 subsection.

8 ~~((h))~~ (i) A credit under this section may not be claimed until
9 the department of ecology, in consultation with the department of
10 archaeology and historic preservation, verifies that the person
11 applying for the credit is not engaged in the manufacturing of
12 alternative jet fuel on the footprint of a structure listed with the
13 department of archaeology and historic preservation as a historic
14 cemetery or tribal burial grounds as per chapter 27.44 or 68.60 RCW.
15 If the department of ecology has not made a determination within 60
16 days of the person requesting verification under this subsection, the
17 application is deemed to be verified.

18 (2) A person may not receive credit under this section for
19 amounts claimed as credits under RCW 82.04.4361 or chapter 82.16 RCW.

20 (3) To claim a credit under this section a person must
21 electronically file with the department all returns, forms, and any
22 other information required by the department, in an electronic format
23 as provided or approved by the department.

24 (4) To claim a credit under this section, the person applying
25 must:

26 (a) Complete an application for the credit which must include:

27 (i) The name, business address, and tax identification number of
28 the applicant;

29 (ii) Documentation of the total amount of alternative jet fuel
30 manufactured and sold in the prior calendar year;

31 (iii) Documentation sufficient for the department to verify that
32 the alternative jet fuel for which the credit is being claimed meets
33 the definition in RCW 82.04.287(3) and the carbon intensity reduction
34 benchmarks under subsection (1)(b) and (c) of this section, as
35 certified by the department of ecology under chapter 70A.535 RCW;

36 (iv) Documentation sufficient to verify compliance with
37 subsection (1) ~~((g))~~ (h) of this section; and

38 (v) Any other information deemed necessary by the department to
39 support administration or reporting of the program.

1 (b) Obtain a carbon intensity score from the department of
2 ecology prior to submitting an application to the department.

3 (5) The department must notify applicants of credit approval or
4 denial within 60 days of receipt of a final application and
5 documentation.

6 (6) If a person fails to supply the information as required in
7 subsection (4) of this section, the department must deny the
8 application.

9 (7) (a) The credit under this section may only be claimed against
10 taxes due under RCW 82.04.287, less any taxable amount for which a
11 credit is allowed under RCW 82.04.440.

12 (b) A credit earned during one calendar year may be carried over
13 and claimed against taxes incurred for the next subsequent calendar
14 year but may not be carried over for any calendar year thereafter.

15 (c) No refunds may be granted for credits under this section.

16 (8) For the purposes of this section:

17 (a) "Alternative jet fuel" has the same meaning as in RCW
18 70A.535.010.

19 (b) "Carbon dioxide equivalent" has the same meaning as in RCW
20 70A.45.010.

21 (c) "Distressed area" means a county that has been designated as
22 such by January 1, 2024, by the employment security department
23 pursuant to RCW 43.168.020.

24 (d) "Qualifying county" means a county that has a population less
25 than 650,000 at the time an application for a credit under this
26 section is received by the department.

27 (9) (a) Credits may be earned beginning on the first day of the
28 first calendar quarter following the month in which notices under
29 subsection (1) (f) or (g) of this section (~~((was))~~), respectively, were
30 received by the department.

31 (b) Credits may not be earned beginning nine calendar years after
32 the close of the calendar year in which the (~~(credit may be earned,~~
33 ~~as provided in (a) of this subsection)) department receives notice
34 from the department of ecology that there are one or more facilities
35 operating in this state with a cumulative production capacity of at
36 least 20,000,000 gallons of alternative jet fuel each year, as
37 required in RCW 70A.535.150.~~

38 (10) A person claiming the credit provided in this section must
39 file a complete annual tax performance report with the department
40 under RCW 82.32.534.

1 **Sec. 4.** RCW 70A.535.150 and 2023 c 232 s 3 are each amended to
2 read as follows:

3 (1) By no later than December 31, 2023, the department must allow
4 one or more carbon intensity pathways for alternative jet fuel.

5 (2) The department must allow biomethane to be claimed as the
6 feedstock for renewable diesel and alternative jet fuel consistent
7 with that allowable for compressed natural gas, liquefied natural
8 gas, liquefied compressed natural gas, or hydrogen production. The
9 department must include in the report required by RCW 70A.535.090(1)
10 information that includes the amount, generation date, and geographic
11 origin of renewable thermal certificates representing the biomethane
12 environmental attributes claimed by each reporting entity for the
13 fuels described in this subsection.

14 (3) The department must notify the department of revenue within
15 30 days when any facility capable of producing at least 500,000
16 gallons of alternative jet fuel each year is operating in a
17 distressed area in this state and when one or more facilities capable
18 of producing a cumulative production capacity of at least 20,000,000
19 gallons of alternative jet fuel each year are operating in this
20 state.

21 NEW SECTION. **Sec. 5.** (1) This section is the tax preference
22 performance statement for sections 2 through 4, chapter . . . , Laws
23 of 2024 (sections 2 through 4 of this act). This performance
24 statement is only intended to be used for subsequent evaluation of
25 the tax preferences. It is not intended to create a private right of
26 action by any party or be used to determine eligibility for the
27 preferential tax treatment.

28 (2) The tax preference performance statement in section 8,
29 chapter 232, Laws of 2023 applies to the expansion of the tax
30 preferences in sections 2 through 4 of this act.

31 NEW SECTION. **Sec. 6.** If any provision of this act or its
32 application to any person or circumstance is held invalid, the
33 remainder of the act or the application of the provision to other
34 persons or circumstances is not affected.

35 NEW SECTION. **Sec. 7.** RCW 82.32.805 does not apply to this act.

1 NEW SECTION. **Sec. 8.** Sections 2 through 4 of this act take
2 effect July 1, 2024.

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