

CERTIFICATION OF ENROLLMENT

**ENGROSSED SUBSTITUTE SENATE BILL 5447**

Chapter 232, Laws of 2023

68th Legislature  
2023 Regular Session

ALTERNATIVE JET FUEL

EFFECTIVE DATE: July 1, 2023—Except for sections 8, 13, and 14, which take effect July 23, 2023; and sections 9 through 12, which take effect July 1, 2024.

Passed by the Senate April 19, 2023  
Yeas 48 Nays 1

DENNY HECK

**President of the Senate**

Passed by the House April 14, 2023  
Yeas 96 Nays 0

LURIE JINKINS

**Speaker of the House of  
Representatives**

Approved May 3, 2023 10:24 AM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5447** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

**Secretary**

FILED

May 4, 2023

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE SENATE BILL 5447**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

**State of Washington                      68th Legislature                      2023 Regular Session**

**By** Senate Environment, Energy & Technology (originally sponsored by Senators Billig, King, Nguyen, MacEwen, Mullet, Wellman, Gildon, Keiser, Shewmake, Lovick, Boehnke, Warnick, Randall, Conway, Dhingra, Dozier, Lias, Lovelett, Saldaña, Stanford, Van De Wege, and Wagoner)

READ FIRST TIME 02/09/23.

1            AN ACT Relating to promoting the alternative jet fuel industry in  
2 Washington; amending RCW 70A.535.010, 43.330.565, and 43.330.570;  
3 adding a new section to chapter 70A.535 RCW; adding new sections to  
4 chapter 28B.30 RCW; adding new sections to chapter 82.04 RCW; adding  
5 a new section to chapter 82.16 RCW; creating new sections; providing  
6 effective dates; providing an expiration date; and declaring an  
7 emergency.

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

9            NEW SECTION.    **Sec. 1.** The legislature intends to use funds from  
10 the climate commitment act to promote the production and use of  
11 sustainable aviation fuels, thereby growing the clean energy sector,  
12 addressing greenhouse gas emissions, and creating family wage  
13 manufacturing jobs in Washington. Sustainable aviation fuels  
14 represent the most significant near and midterm opportunity for  
15 aviation to reduce its greenhouse gas emissions. The use of  
16 sustainable aviation fuels will also improve air quality for airport  
17 workers and communities surrounding airports. While many efforts are  
18 underway to advance the use of sustainable aviation fuels, this act  
19 is intended to assist and accelerate those efforts.

20

**PART I**

1 **TREATMENT OF ALTERNATIVE JET FUELS**

2 **Sec. 2.** RCW 70A.535.010 and 2022 c 182 s 409 are each amended to  
3 read as follows:

4 The definitions in this section apply throughout this chapter  
5 unless the context clearly indicates otherwise.

6 (1) "Carbon dioxide equivalents" has the same meaning as defined  
7 in RCW 70A.45.010.

8 (2) "Carbon intensity" means the quantity of life-cycle  
9 greenhouse gas emissions, per unit of fuel energy, expressed in grams  
10 of carbon dioxide equivalent per megajoule (gCO<sub>2</sub>e/MJ).

11 (3) "Clean fuels program" means the requirements established  
12 under this chapter.

13 (4) "Cost" means an expense connected to the manufacture,  
14 distribution, or other aspects of the provision of a transportation  
15 fuel product.

16 (5) "Credit" means a unit of measure generated when a  
17 transportation fuel with a carbon intensity that is less than the  
18 applicable standard adopted by the department under RCW 70A.535.025  
19 is produced, imported, or dispensed for use in Washington, such that  
20 one credit is equal to one metric ton of carbon dioxide equivalents.  
21 A credit may also be generated through other activities consistent  
22 with this chapter.

23 (6) "Deficit" means a unit of measure generated when a  
24 transportation fuel with a carbon intensity that is greater than the  
25 applicable standard adopted by the department under RCW 70A.535.025  
26 is produced, imported, or dispensed for use in Washington, such that  
27 one deficit is equal to one metric ton of carbon dioxide equivalents.

28 (7) "Department" means the department of ecology.

29 (8) "Electric utility" means a consumer-owned utility or  
30 investor-owned utility, as those terms are defined in RCW 19.29A.010.

31 (9) "Greenhouse gas" has the same meaning as defined in RCW  
32 70A.45.010.

33 (10) "Military tactical vehicle" means a motor vehicle owned by  
34 the United States department of defense or the United States military  
35 services and that is used in combat, combat support, combat service  
36 support, tactical or relief operations, or training for such  
37 operations.

38 (11) "Motor vehicle" has the same meaning as defined in RCW  
39 46.04.320.

1 (12) "Price" means the amount of payment or compensation provided  
2 as consideration for a specified quantity of transportation fuel by a  
3 consumer or end user of the transportation fuel.

4 (13) "Regulated party" means a producer or importer of any amount  
5 of a transportation fuel that is ineligible to generate credits under  
6 this chapter.

7 (14)(a) "Tactical support equipment" means equipment using a  
8 portable engine, including turbines, that meets military  
9 specifications, owned by the United States military services or its  
10 allies, and that is used in combat, combat support, combat service  
11 support, tactical or relief operations, or training for such  
12 operations.

13 (b) "Tactical support equipment" includes, but is not limited to,  
14 engines associated with portable generators, aircraft start carts,  
15 heaters, and lighting carts.

16 (15) "Transportation fuel" means electricity and any liquid or  
17 gaseous fuel sold, supplied, offered for sale, or used for the  
18 propulsion of a motor vehicle or that is intended for use for  
19 transportation purposes.

20 (16) "Alternative jet fuel" means a fuel that can be blended and  
21 used with conventional petroleum jet fuels without the need to modify  
22 aircraft engines and existing fuel distribution infrastructure, and  
23 that have a lower carbon intensity than the applicable annual carbon  
24 intensity standard in Table 2 of WAC 173-424-900, as it existed on  
25 the effective date of this section. Alternative jet fuel includes jet  
26 fuels derived from coprocessed feedstocks at a conventional petroleum  
27 refinery.

28 NEW SECTION. Sec. 3. A new section is added to chapter 70A.535  
29 RCW to read as follows:

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

32 (2) The department must allow biomethane to be claimed as the  
33 feedstock for renewable diesel and alternative jet fuel consistent  
34 with that allowable for compressed natural gas, liquified natural  
35 gas, liquified compressed natural gas, or hydrogen production. The  
36 department must include in the report required by RCW 70A.535.090(1)  
37 information that includes the amount, generation date, and geographic  
38 origin of renewable thermal certificates representing the biomethane

1 environmental attributes claimed by each reporting entity for the  
2 fuels described in this subsection.

3 (3) The department must notify the department of revenue within  
4 30 days when one or more facilities capable of producing a cumulative  
5 production capacity of at least 20,000,000 gallons of alternative jet  
6 fuel each year are operating in this state.

7 NEW SECTION. **Sec. 4.** A new section is added to chapter 28B.30  
8 RCW to read as follows:

9 (1) Washington State University must convene an alternative jet  
10 fuels work group to further the development of alternative jet fuel  
11 as a productive industry in Washington. The work group must include  
12 members from the legislature and sectors involved in alternative jet  
13 fuel research, development, production, and utilization. The work  
14 group must provide a report including any pertinent recommendations  
15 to the governor and appropriate committees of the legislature by  
16 December 1, 2024, and December 1st of every even-numbered year until  
17 December 1, 2028.

18 (2) This section expires January 1, 2029.

19 **Sec. 5.** RCW 43.330.565 and 2022 c 292 s 102 are each amended to  
20 read as follows:

21 (1) The statewide office of renewable fuels is established within  
22 the department. The office shall report to the director of the  
23 department. The office may employ staff as necessary to carry out the  
24 office's duties as prescribed by chapter 292, Laws of 2022, subject  
25 to the availability of amounts appropriated for this specific  
26 purpose.

27 (2) The purpose of the office is to leverage, support, and  
28 integrate with other state agencies to:

29 (a) Accelerate comprehensive market development with assistance  
30 along the entire life cycle of renewable fuel projects;

31 (b) Support research into and development and deployment of  
32 renewable fuel and the production, distribution, and use of renewable  
33 and green electrolytic hydrogen and their derivatives, as well as  
34 product engineering and manufacturing relating to the production and  
35 use of such hydrogen and its derivatives;

36 (c) Drive job creation, improve economic vitality, and support  
37 the transition to clean energy;

1       (d) Further the development and use of alternative jet fuels as a  
2 productive industry in Washington;

3       (e) Enhance resiliency by using renewable fuels, alternative jet  
4 fuels, and green electrolytic hydrogen to support climate change  
5 mitigation and adaptations; and

6       (~~(e)~~) (f) Partner with overburdened communities to ensure  
7 communities equitably benefit from renewable and clean fuels efforts.

8       **Sec. 6.** RCW 43.330.570 and 2022 c 292 s 103 are each amended to  
9 read as follows:

10       (1) The office shall:

11       (a) Coordinate with federally recognized tribes, local  
12 government, state agencies, federal agencies, private entities, the  
13 state's public four-year institutions of higher education, labor  
14 unions, and others to facilitate and promote multi-institution  
15 collaborations to drive research, development, and deployment efforts  
16 in the production, distribution, and use of alternative jet fuels and  
17 renewable fuels including, but not limited to, green electrolytic  
18 hydrogen;

19       (b) Review existing renewable fuels, alternative jet fuels, and  
20 green electrolytic hydrogen initiatives, policies, and public and  
21 private investments, and tax and regulatory incentives, including  
22 assessment of adequacy of feedstock supply and in-state feedstock,  
23 renewable fuels, and alternative jet fuels production;

24       (c) Consider funding opportunities that provide for the  
25 coordination of public and private funds for the purposes of  
26 developing and deploying renewable fuels, alternative jet fuels, and  
27 green electrolytic hydrogen;

28       (d) Assess opportunities for and barriers to deployment of  
29 renewable fuels, alternative jet fuels, and green electrolytic  
30 hydrogen in hard to decarbonize sectors of the state economy;

31       (e) Request recommendations from the Washington state association  
32 of fire marshals regarding fire and other safety standards adopted by  
33 the United States department of energy and recognized national and  
34 international fire and safety code development authorities regarding  
35 renewable fuels, alternative jet fuels, and green electrolytic  
36 hydrogen;

37       (f) By December 1, 2023, develop a plan and recommendations for  
38 consideration by the legislature and governor on renewable fuels and  
39 green electrolytic hydrogen policy and public funding including, but

1 not limited to, project permitting, state procurement, and pilot  
2 projects; and

3 (g) Encourage new and support existing public-private  
4 partnerships to increase coordinated planning and deployment of  
5 renewable fuels, alternative jet fuels, and green electrolytic  
6 hydrogen.

7 (2) The office may take all appropriate steps to seek and apply  
8 for federal funds for which the office is eligible, and other grants,  
9 and accept donations, and must deposit these funds in the renewable  
10 fuels accelerator account created in RCW 43.330.575.

11 (3) In carrying out its duties, the office must collaborate with  
12 the department, the department of ecology, the department of  
13 transportation, the utilities and transportation commission, electric  
14 utilities in Washington state, the Washington State University  
15 extension energy program, the alternative jet fuel work group  
16 established in section 4 of this act, and all other relevant state  
17 agencies. The office must also consult with and seek to involve  
18 federally recognized tribes, project developers, labor and industry  
19 trade groups, and other interested parties, in the development of  
20 policy analysis and recommended programs or projects.

21 (4) The office may cooperate with other state agencies in  
22 compiling data regarding the use of renewable fuels and green  
23 electrolytic hydrogen in state operations, including motor vehicle  
24 fleets, the state ferry system, and nonroad equipment.

25 NEW SECTION. **Sec. 7.** A new section is added to chapter 28B.30  
26 RCW to read as follows:

27 (1) To assess the potential cobenefits of alternative jet fuel  
28 for Washington's communities, by December 1, 2024, and December 1st  
29 of each year until such time as the joint legislative audit and  
30 review committee has completed its final report on the tax  
31 preferences contained in sections 9 through 12 of this act, the  
32 University of Washington's department of environmental and  
33 occupational health sciences, in collaboration with Washington State  
34 University, shall calculate emissions of ultrafine and fine  
35 particulate matter and sulfur oxides from the use of alternative jet  
36 fuel as compared to conventional fossil jet fuel, including the  
37 potential regional air quality benefits of any reductions. This  
38 emissions calculation shall be conducted for alternative jet fuel  
39 used from an international airport owned by a port district in a

1 county with a population greater than 1,500,000. The University of  
2 Washington may access and use any data necessary to complete the  
3 reporting requirements of this section.

4 (2) To facilitate the calculation required in subsection (1) of  
5 this section, an international airport owned by a port district in a  
6 county with a population greater than 1,500,000 must report to the  
7 University of Washington the total annual volume of conventional and  
8 alternative jet fuel used for flights departing the airport by July  
9 1, 2024, and July 1st of each year until such time as the joint  
10 legislative audit and review committee has completed its final report  
11 on the tax preferences contained in sections 9 through 12 of this  
12 act.

13 **PART II**

14 **ALTERNATIVE JET FUEL TAX INCENTIVES**

15 NEW SECTION. **Sec. 8.** (1) This section is the tax preference  
16 performance statement for the tax preferences contained in sections 9  
17 through 12, chapter . . ., Laws of 2023 (sections 9 through 12 of  
18 this act). This performance statement is only intended to be used for  
19 subsequent evaluation of the tax preferences. It is not intended to  
20 create a private right of action by any party or to be used to  
21 determine eligibility for preferential tax treatment.

22 (2) The legislature categorizes these tax preferences as ones  
23 intended to improve industry competitiveness as indicated in RCW  
24 82.32.808(2)(b).

25 (3) It is the legislature's specific public policy objective to  
26 encourage the production and use of alternative jet fuels. It is also  
27 the legislature's intent to support the development of the  
28 alternative jet fuels industry in Washington by providing targeted  
29 tax relief for such businesses.

30 (4) The legislature intends to extend the expiration date of the  
31 tax preferences contained in this act if a review finds:

32 (a) An increase in the production and use of alternative jet  
33 fuels in Washington by persons claiming the tax preferences in this  
34 act;

35 (b) That the production and use of alternative jet fuels in this  
36 state does not result in additional pollution including, but not  
37 limited to, pollution from per-and polyfluoroalkyl substances,  
38 noxious gases, ultrafine particles, lead, or other metals; and



1 (c) That the alternative jet fuel industry has created measurable  
2 economic growth in Washington.

3 (5) The review conducted by the joint legislative audit and  
4 review committee must include a racial equity analysis on air travel-  
5 related pollution in communities near an international airport owned  
6 by a port district in a county with a population greater than  
7 1,500,000.

8 (6) In order to obtain the data necessary to perform the review  
9 in subsection (4) of this section, the joint legislative audit and  
10 review committee may access and use data from an international  
11 airport owned by a port district in a county with a population  
12 greater than 1,500,000, the University of Washington, reports  
13 compiled by the Washington State University pursuant to section 7 of  
14 this act, and any other data collected by the state as it deems  
15 necessary.

16 (7) The joint legislative audit and review committee must  
17 complete a preliminary report by December 1, 2032.

18 NEW SECTION. **Sec. 9.** A new section is added to chapter 82.04  
19 RCW to read as follows:

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

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

31 (3) For the purposes of this section, "alternative jet fuel"  
32 means a fuel that can be blended and used with conventional petroleum  
33 jet fuels without the need to modify aircraft engines and existing  
34 fuel distribution infrastructure and that has lower greenhouse gas  
35 emissions based on a full life-cycle analysis when compared to  
36 conventional petroleum jet fuel for which it is capable as serving as  
37 a substitute, as certified by the department of ecology using the  
38 methods for determining the carbon intensity of fuels under chapter  
39 70A.535 RCW. "Alternative jet fuel" includes jet fuels derived from

1 coprocessed feedstocks at a conventional petroleum refinery as  
2 certified by the department of ecology using the methods for  
3 determining the carbon intensity of fuels under chapter 70A.535 RCW.

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

7 (5) (a) The tax rate under subsections (1) and (2) of this section  
8 takes effect on the first day of the first calendar quarter following  
9 the month in which the department receives notice from the department  
10 of ecology that there are one or more facilities operating in this  
11 state with a cumulative production capacity of at least 20,000,000  
12 gallons of alternative jet fuel each year, as required in section 3  
13 of this act.

14 (b) The tax rate expires nine calendar years after the close of  
15 the calendar year in which the tax rate under subsections (1) and (2)  
16 of this section takes effect.

17 NEW SECTION. **Sec. 10.** A new section is added to chapter 82.04  
18 RCW to read as follows:

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

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

27 (i) A business that produces alternative jet fuel and is located  
28 in a qualifying county; or

29 (ii) A business's designated alternative jet fuel blender that is  
30 located in this state.

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

35 (d) A person may not receive credit under both (b) (i) and (ii) of  
36 this subsection.

37 (e) The credit under this section is calculated only on the  
38 portion of jet fuel that is considered alternative jet fuel and does

1 not include conventional petroleum jet fuel when such fuels are  
2 blended or otherwise used in a jet fuel mixture.

3 (f) A credit under this section may not be claimed until the  
4 department of ecology verifies that there are one or more facilities  
5 operating in this state with cumulative production capacity of at  
6 least 20,000,000 gallons of alternative jet fuel each year and has  
7 provided such notice to the department.

8 (g) Contract pricing for sales of alternative jet fuel between a  
9 person claiming the credit under this section and the final consumer  
10 must reflect the per gallon credit under (b) and (c) of this  
11 subsection.

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

22 (2) A person may not receive credit under this section for  
23 amounts claimed as credits under section 11 of this act or chapter  
24 82.16 RCW.

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

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

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

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

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

36 (iii) Documentation sufficient for the department to verify that  
37 the alternative jet fuel for which the credit is being claimed meets  
38 the definition in section 9(3) of this act and the carbon intensity  
39 reduction benchmarks under subsection (1)(b) and (c) of this section,  
40 as certified by the department of ecology under chapter 70A.535 RCW;

1 (iv) Documentation sufficient to verify compliance with  
2 subsection (1)(g) of this section; and

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

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

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

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

13 (7)(a) The credit under this section may only be claimed against  
14 taxes due under section 9 of this act, less any taxable amount for  
15 which a credit is allowed under RCW 82.04.440.

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

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

20 (8) For the purposes of this section:

21 (a) "Alternative jet fuel" has the same meaning as in RCW  
22 70A.535.010.

23 (b) "Carbon dioxide equivalent" has the same meaning as in RCW  
24 70A.45.010.

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

28 (9)(a) Credits may be earned beginning on the first day of the  
29 first calendar quarter following the month in which notice under  
30 subsection (1)(f) of this section was 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, as  
33 provided in (a) of this subsection.

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

37 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.04  
38 RCW to read as follows:

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

4 (b) Except as provided in (c) of this subsection, the credit  
5 under this section is equal to \$1 for each gallon of alternative jet  
6 fuel that has at least 50 percent less carbon dioxide equivalent  
7 emissions than conventional petroleum jet fuel and is purchased  
8 during the prior calendar year by a business for use as alternative  
9 jet fuel for flights departing in this state.

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

14 (d) The credit under this section is calculated only on the  
15 portion of jet fuel that is considered alternative jet fuel and does  
16 not include conventional petroleum jet fuel when such fuels are  
17 blended or otherwise used in a jet fuel mixture.

18 (e) A credit under this section may not be claimed until the  
19 department of ecology verifies that there are one or more facilities  
20 operating in this state with cumulative production capacity of at  
21 least 20,000,000 gallons of alternative jet fuel each year and has  
22 provided such notice to the department.

23 (2) A person may not receive credit under this section for  
24 amounts claimed as credits under section 10 of this act or chapter  
25 82.16 RCW.

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

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

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

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

35 (ii) Documentation of the amount of alternative jet fuel  
36 purchased by the business in the prior calendar year;

37 (iii) Documentation sufficient for the department to verify that  
38 the alternative jet fuel for which the credit is being claimed meets  
39 the definition in section 9(3) of this act and the carbon intensity  
40 reduction benchmarks under subsection (1)(b) and (c) of this section,

1 as certified by the department of ecology under chapter 70A.535 RCW;  
2 and

3 (iv) Any other information deemed necessary by the department to  
4 support administration or reporting of the program.

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

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

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

13 (7) (a) The credit under this section may be used against any tax  
14 due under this chapter.

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

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

19 (8) For the purposes of this section:

20 (a) "Alternative jet fuel" has the same meaning as in RCW  
21 70A.535.010.

22 (b) "Carbon dioxide equivalent" has the same meaning as in RCW  
23 70A.45.010.

24 (9) (a) Credits may be earned beginning on the first day of the  
25 first calendar quarter following the month in which notice under  
26 subsection (1) (e) of this section was received by the department.

27 (b) Credits may not be earned beginning nine calendar years after  
28 the close of the calendar year in which the credit may be earned, as  
29 provided in (a) of this subsection.

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

33 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.16  
34 RCW to read as follows:

35 (1) (a) Subject to the limits and provisions of this section, a  
36 credit is allowed against the tax otherwise due under this chapter  
37 for persons engaged in the use of alternative jet fuel.

38 (b) Except as provided in (c) of this subsection, the credit  
39 under this section is equal to \$1 for each gallon of alternative jet

1 fuel that has at least 50 percent less carbon dioxide equivalent  
2 emissions than conventional petroleum jet fuel and is purchased  
3 during the prior calendar year by a business for use as alternative  
4 jet fuel for flights departing in this state.

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

9 (d) The credit under this section is calculated only on the  
10 portion of jet fuel that is considered alternative jet fuel and does  
11 not include conventional petroleum jet fuel when such fuels are  
12 blended or otherwise used in a jet fuel mixture.

13 (e) A credit under this section may not be claimed until the  
14 department of ecology verifies that there are one or more facilities  
15 operating in this state with cumulative production capacity of at  
16 least 20,000,000 gallons of alternative jet fuel each year and has  
17 provided such notice to the department.

18 (2) A person may not receive credit under this section for  
19 amounts claimed as credits under chapter 82.04 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 amount of alternative jet fuel  
30 purchased by the business 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 section 9(3) of this act and the carbon intensity  
34 reduction benchmarks under subsection (1)(b) and (c) of this section,  
35 as certified by the department of ecology under chapter 70A.535 RCW;  
36 and

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

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

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

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

7 (7) (a) The credit under this section may be used against any tax  
8 due under this chapter.

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

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

13 (8) The definitions in section 11 of this act apply to this  
14 section.

15 (9) (a) Credits may be earned beginning on the first day of the  
16 first calendar quarter following the month in which notice under  
17 subsection (1) (e) of this section was received by the department.

18 (b) Credits may not be earned beginning nine calendar years after  
19 the close of the calendar year in which the credit may be earned, as  
20 provided in (a) of this subsection.

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

24 NEW SECTION. **Sec. 13.** If any provision of this act or its  
25 application to any person or circumstance is held invalid, the  
26 remainder of the act or the application of the provision to other  
27 persons or circumstances is not affected.

28 NEW SECTION. **Sec. 14.** RCW 82.32.805 does not apply to this act.

29 NEW SECTION. **Sec. 15.** Sections 9 through 12 of this act take  
30 effect July 1, 2024.

31 NEW SECTION. **Sec. 16.** Sections 1 through 7 of this act are  
32 necessary for the immediate preservation of the public peace, health,  
33 or safety, or support of the state government and its existing public  
34 institutions, and take effect July 1, 2023.

Passed by the Senate April 19, 2023.

Passed by the House April 14, 2023.



Approved by the Governor May 3, 2023.  
Filed in Office of Secretary of State May 4, 2023.

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