
HOUSE BILL 2322

State of Washington

69th Legislature

2026 Regular Session

By Representatives Dent, Hackney, Barnard, and Hill

Prefiled 01/08/26. Read first time 01/12/26. Referred to Committee on Environment & Energy.

1 AN ACT Relating to providing certainty for the development of
2 low-to-zero carbon alternative jet fuel production in Washington
3 state; amending RCW 70A.535.150, 82.04.287, 82.04.436, 82.04.4361,
4 and 82.16.187; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

7 (a) Constructing alternative jet fuel production facilities
8 requires significant capital investment and long development
9 timelines;

10 (b) Encouraging and supporting the production and use of
11 alternative jet fuel, also known as sustainable aviation fuel,
12 supports the achievement of the state's emissions limits and the
13 goals of state climate policies such as the clean fuels program,
14 climate commitment act, and clean energy transformation act by taking
15 advantage of our legacy and new renewable resources and providing
16 certainty in accessing the available economic incentives targeted to
17 reduce the carbon intensity of aviation fuel; and

18 (c) The terms "alternative jet fuel," "sustainable aviation
19 fuel," "production," and "manufacturing" are used in various statutes
20 with similar meanings for defining the production and end use of low
21 carbon, nonfossil fuel-based jet fuel. This finding is not intended

1 to alter the definitions of these terms as used in those statutes,
2 but rather to encourage similar interpretation of these terms when
3 encountered in statute or rule.

4 (2) Therefore, the legislature intends to:

5 (a) Encourage the production and use of alternative jet fuel in
6 the state; and

7 (b) Provide clarity and a date certain for the availability of
8 existing production tax incentives. Given the long lead times
9 required for feasibility, permitting, and construction that precede
10 fuel production and commercial use, providing a date certain to the
11 availability of existing alternative jet fuel production tax credits
12 will lower barriers for, and reduce the risk to, early capital
13 investment decisions, thereby enabling and accelerating the
14 production and use of alternative jet fuel in the state.

15 (3) The legislature further intends that the carbon intensity and
16 renewable attributes of the energy purchased for alternative jet fuel
17 production processes is assigned those attributes reported in the
18 tariff, rate schedule, power purchase agreement, or utility-specific
19 contract or that utility's fuel mix disclosure report under which the
20 energy was purchased, and attributed for all processes using that
21 energy in the alternative jet fuel production process.

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

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

26 (2) The department must allow biomethane to be claimed as the
27 feedstock for renewable diesel and alternative jet fuel consistent
28 with that allowable for compressed natural gas, liquefied natural
29 gas, liquefied compressed natural gas, or hydrogen production. The
30 department must include in the report required by RCW 70A.535.090(1)
31 information that includes the amount, generation date, and geographic
32 origin of renewable thermal certificates representing the biomethane
33 environmental attributes claimed by each reporting entity for the
34 fuels described in this subsection.

35 (3) The department must notify the department of revenue within
36 30 days when one or more facilities capable of producing a cumulative
37 production capacity of at least 20,000,000 gallons of alternative jet
38 fuel each year are operating in this state.

1 (4) (a) Beginning for purposes of program year 2026 through 2037,
2 and, after 2037 for all electricity compliant with chapter 19.405
3 RCW, the department must apply a carbon intensity for electricity
4 that is supplied to an alternative jet fuel manufacturing facility as
5 follows:

6 (i) The carbon intensity is as provided for the electricity
7 supplied in the rate schedule, tariff, power purchase agreement, or
8 utility-specific contract according to the fuel mix reported in the
9 rate schedule, tariff, power purchase agreement, or utility-specific
10 carbon intensity pursuant to the utility contract or fuel mix
11 disclosure statement;

12 (ii) The carbon intensity is calculated pursuant to WAC
13 173-424-630(6), as it existed on January 1, 2026; and

14 (iii) The specific carbon intensity is applicable to all
15 production processes of the alternative jet fuel manufacturing
16 facility including, but not limited to, the electrolysis of water and
17 carbon dioxide, involved in manufacturing or producing alternative
18 jet fuel and any coproducts including, but not limited to, renewable
19 naphtha, in that facility.

20 (b) The specific carbon intensity for electricity specified in
21 (a) of this subsection must apply regardless of:

22 (i) When a renewable electricity product, or specific carbon
23 intensity electricity product, power purchase agreement, rate
24 schedule, or tariff was negotiated or contracted for;

25 (ii) The date on which the renewable electricity generating
26 facility began operating; and

27 (iii) The utility's main utility-specific carbon intensity of
28 electricity.

29 (c) This subsection (4) supersedes the requirements of WAC
30 173-424-610(9), as it existed on January 1, 2026, as they are applied
31 to an alternative jet fuel manufacturing facility. The department
32 must update WAC 173-424-610 to conform with the requirements of this
33 section at the department's next otherwise planned update of chapter
34 173-424 WAC.

35 **Sec. 3.** RCW 82.04.287 and 2023 c 232 s 9 are each amended to
36 read as follows:

37 (1) Upon every person engaging within the state in the business
38 of manufacturing alternative jet fuel; as to such persons, the amount
39 of the tax with respect to such business is, in the case of

1 manufacturers, equal to the value of the product manufactured, or in
2 the case of processors for hire, equal to the gross income of the
3 business, multiplied by the rate of 0.275 percent.

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

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

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

24 (5) (a) The tax rate under subsections (1) and (2) of this section
25 takes effect on the earlier of:

26 (i) The first day of the first calendar quarter following the
27 month in which the department receives notice from the department of
28 ecology that there are one or more facilities operating in this state
29 with a cumulative production capacity of at least 20,000,000 gallons
30 of alternative jet fuel each year, as required in RCW 70A.535.150; or

31 (ii) July 1, 2031.

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

35 **Sec. 4.** RCW 82.04.436 and 2023 c 232 s 10 are each amended to
36 read as follows:

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

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

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

8 (ii) A business's designated alternative jet fuel blender that is
9 located 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) A person may not receive credit under both (b)(i) and (ii) of
15 this subsection.

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

20 (f) A credit under this section may not be claimed until the
21 earlier of:

22 (i) The date on which the department of ecology verifies that
23 there are one or more facilities operating in this state with
24 cumulative production capacity of at least 20,000,000 gallons of
25 alternative jet fuel each year and has provided such notice to the
26 department; or

27 (ii) July 1, 2031.

28 (g) Contract pricing for sales of alternative jet fuel between a
29 person claiming the credit under this section and the final consumer
30 must reflect the per gallon credit under (b) and (c) of this
31 subsection.

32 (h) A credit under this section may not be claimed until the
33 department of ecology, in consultation with the department of
34 archaeology and historic preservation, verifies that the person
35 applying for the credit is not engaged in the manufacturing of
36 alternative jet fuel on the footprint of a structure listed with the
37 department of archaeology and historic preservation as a historic
38 cemetery or tribal burial grounds as per chapter 27.44 or 68.60 RCW.
39 If the department of ecology has not made a determination within 60

1 days of the person requesting verification under this subsection, the
2 application is deemed to be verified.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 (8) For the purposes of this section:

1 (a) "Alternative jet fuel" has the same meaning as in RCW
2 70A.535.010.

3 (b) "Carbon dioxide equivalent" has the same meaning as in RCW
4 70A.45.010.

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

8 (9) (a) Credits may be earned beginning on the earlier of:

9 (i) The first day of the first calendar quarter following the
10 month in which notice under subsection (1) (f) of this section was
11 received by the department; or

12 (ii) July 1, 2031.

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

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

19 **Sec. 5.** RCW 82.04.4361 and 2023 c 232 s 11 are each amended to
20 read as follows:

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

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

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

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

38 (e) A credit under this section may not be claimed until the
39 earlier of:

1 (i) The date on which the department of ecology verifies that
2 there are one or more facilities operating in this state with
3 cumulative production capacity of at least 20,000,000 gallons of
4 alternative jet fuel each year and has provided such notice to the
5 department; or

6 (ii) July 1, 2031.

7 (2) A person may not receive credit under this section for
8 amounts claimed as credits under RCW 82.04.436 or chapter 82.16 RCW.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (8) For the purposes of this section:

2 (a) "Alternative jet fuel" has the same meaning as in RCW
3 70A.535.010.

4 (b) "Carbon dioxide equivalent" has the same meaning as in RCW
5 70A.45.010.

6 (9) (a) Credits may be earned beginning on the earlier of:

7 (i) The first day of the first calendar quarter following the
8 month in which notice under subsection (1) (e) of this section was
9 received by the department; or

10 (ii) July 1, 2031.

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

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

17 **Sec. 6.** RCW 82.16.187 and 2023 c 232 s 12 are each amended to
18 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 use 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 purchased
26 during the prior calendar year by a business for use as alternative
27 jet fuel for flights departing in this state.

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

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

36 (e) A credit under this section may not be claimed until the
37 earlier of:

38 (i) The date on which the department of ecology verifies that
39 there are one or more facilities operating in this state with

1 cumulative production capacity of at least 20,000,000 gallons of
2 alternative jet fuel each year and has provided such notice to the
3 department; or

4 (ii) July 1, 2031.

5 (2) A person may not receive credit under this section for
6 amounts claimed as credits under chapter 82.04 RCW.

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (8) The definitions in RCW 82.04.4361 apply to this section.

40 (9)(a) Credits may be earned beginning on the earlier of:

1 (i) The first day of the first calendar quarter following the
2 month in which notice under subsection (1)(e) of this section was
3 received by the department; or
4 (ii) July 1, 2031.
5 (b) Credits may not be earned beginning nine calendar years after
6 the close of the calendar year in which the credit may be earned, as
7 provided in (a) of this subsection.
8 (10) A person claiming the credit provided in this section must
9 file a complete annual tax performance report with the department
10 under RCW 82.32.534.

--- END ---