
SENATE BILL 5467

State of Washington 61st Legislature 2009 Regular Session

By Senators Holmquist, Hobbs, Hatfield, Shin, Hewitt, McCaslin, and Roach

Read first time 01/22/09. Referred to Committee on Ways & Means.

1 AN ACT Relating to tax incentives for the production, distribution,
2 sale, and use of alcohol fuel, wood biomass fuel, biodiesel fuel, and
3 biodiesel feedstock; amending RCW 82.04.4335, 82.08.960, 82.12.960,
4 82.29A.135, 84.36.635, and 84.36.640; reenacting and amending RCW
5 82.04.260, 82.32.590, and 82.32.600; adding a new section to chapter
6 82.32 RCW; providing an effective date; providing expiration dates; and
7 declaring an emergency.

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

9 **Sec. 1.** RCW 82.04.260 and 2008 c 296 s 1, 2008 c 217 s 100, and
10 2008 c 81 s 4 are each reenacted and amended to read as follows:

11 (1) Upon every person engaging within this state in the business of
12 manufacturing:

13 (a) Wheat into flour, barley into pearl barley, soybeans into
14 soybean oil, canola into canola oil, canola meal, or canola byproducts,
15 or sunflower seeds into sunflower oil; as to such persons the amount of
16 tax with respect to such business shall be equal to the value of the
17 flour, pearl barley, oil, canola meal, or canola byproduct
18 manufactured, multiplied by the rate of 0.138 percent;

1 (b) Beginning July 1, 2012, seafood products that remain in a raw,
2 raw frozen, or raw salted state at the completion of the manufacturing
3 by that person; or selling manufactured seafood products that remain in
4 a raw, raw frozen, or raw salted state at the completion of the
5 manufacturing, to purchasers who transport in the ordinary course of
6 business the goods out of this state; as to such persons the amount of
7 tax with respect to such business shall be equal to the value of the
8 products manufactured or the gross proceeds derived from such sales,
9 multiplied by the rate of 0.138 percent. Sellers must keep and
10 preserve records for the period required by RCW 82.32.070 establishing
11 that the goods were transported by the purchaser in the ordinary course
12 of business out of this state;

13 (c) Beginning July 1, 2012, dairy products that as of September 20,
14 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
15 including byproducts from the manufacturing of the dairy products such
16 as whey and casein; or selling the same to purchasers who transport in
17 the ordinary course of business the goods out of state; as to such
18 persons the tax imposed shall be equal to the value of the products
19 manufactured or the gross proceeds derived from such sales multiplied
20 by the rate of 0.138 percent. Sellers must keep and preserve records
21 for the period required by RCW 82.32.070 establishing that the goods
22 were transported by the purchaser in the ordinary course of business
23 out of this state;

24 (d) Beginning July 1, 2012, fruits or vegetables by canning,
25 preserving, freezing, processing, or dehydrating fresh fruits or
26 vegetables, or selling at wholesale fruits or vegetables manufactured
27 by the seller by canning, preserving, freezing, processing, or
28 dehydrating fresh fruits or vegetables and sold to purchasers who
29 transport in the ordinary course of business the goods out of this
30 state; as to such persons the amount of tax with respect to such
31 business shall be equal to the value of the products manufactured or
32 the gross proceeds derived from such sales multiplied by the rate of
33 0.138 percent. Sellers must keep and preserve records for the period
34 required by RCW 82.32.070 establishing that the goods were transported
35 by the purchaser in the ordinary course of business out of this state;

36 (e) Until July 1, (~~2009~~) 2015, alcohol fuel, biodiesel fuel, or
37 biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as

1 to such persons the amount of tax with respect to the business shall be
2 equal to the value of alcohol fuel, biodiesel fuel, or biodiesel
3 feedstock manufactured, multiplied by the rate of 0.138 percent; and

4 (f) Alcohol fuel or wood biomass fuel, as those terms are defined
5 in RCW 82.29A.135; as to such persons the amount of tax with respect to
6 the business shall be equal to the value of alcohol fuel or wood
7 biomass fuel manufactured, multiplied by the rate of 0.138 percent.

8 (2) Upon every person engaging within this state in the business of
9 splitting or processing dried peas; as to such persons the amount of
10 tax with respect to such business shall be equal to the value of the
11 peas split or processed, multiplied by the rate of 0.138 percent.

12 (3) Upon every nonprofit corporation and nonprofit association
13 engaging within this state in research and development, as to such
14 corporations and associations, the amount of tax with respect to such
15 activities shall be equal to the gross income derived from such
16 activities multiplied by the rate of 0.484 percent.

17 (4) Upon every person engaging within this state in the business of
18 slaughtering, breaking and/or processing perishable meat products
19 and/or selling the same at wholesale only and not at retail; as to such
20 persons the tax imposed shall be equal to the gross proceeds derived
21 from such sales multiplied by the rate of 0.138 percent.

22 (5) Upon every person engaging within this state in the business of
23 acting as a travel agent or tour operator; as to such persons the
24 amount of the tax with respect to such activities shall be equal to the
25 gross income derived from such activities multiplied by the rate of
26 0.275 percent.

27 (6) Upon every person engaging within this state in business as an
28 international steamship agent, international customs house broker,
29 international freight forwarder, vessel and/or cargo charter broker in
30 foreign commerce, and/or international air cargo agent; as to such
31 persons the amount of the tax with respect to only international
32 activities shall be equal to the gross income derived from such
33 activities multiplied by the rate of 0.275 percent.

34 (7) Upon every person engaging within this state in the business of
35 stevedoring and associated activities pertinent to the movement of
36 goods and commodities in waterborne interstate or foreign commerce; as
37 to such persons the amount of tax with respect to such business shall
38 be equal to the gross proceeds derived from such activities multiplied

1 by the rate of 0.275 percent. Persons subject to taxation under this
2 subsection shall be exempt from payment of taxes imposed by chapter
3 82.16 RCW for that portion of their business subject to taxation under
4 this subsection. Stevedoring and associated activities pertinent to
5 the conduct of goods and commodities in waterborne interstate or
6 foreign commerce are defined as all activities of a labor, service or
7 transportation nature whereby cargo may be loaded or unloaded to or
8 from vessels or barges, passing over, onto or under a wharf, pier, or
9 similar structure; cargo may be moved to a warehouse or similar holding
10 or storage yard or area to await further movement in import or export
11 or may move to a consolidation freight station and be stuffed,
12 unstuffed, containerized, separated or otherwise segregated or
13 aggregated for delivery or loaded on any mode of transportation for
14 delivery to its consignee. Specific activities included in this
15 definition are: Wharfage, handling, loading, unloading, moving of
16 cargo to a convenient place of delivery to the consignee or a
17 convenient place for further movement to export mode; documentation
18 services in connection with the receipt, delivery, checking, care,
19 custody and control of cargo required in the transfer of cargo;
20 imported automobile handling prior to delivery to consignee; terminal
21 stevedoring and incidental vessel services, including but not limited
22 to plugging and unplugging refrigerator service to containers,
23 trailers, and other refrigerated cargo receptacles, and securing ship
24 hatch covers.

25 (8) Upon every person engaging within this state in the business of
26 disposing of low-level waste, as defined in RCW 43.145.010; as to such
27 persons the amount of the tax with respect to such business shall be
28 equal to the gross income of the business, excluding any fees imposed
29 under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

30 If the gross income of the taxpayer is attributable to activities
31 both within and without this state, the gross income attributable to
32 this state shall be determined in accordance with the methods of
33 apportionment required under RCW 82.04.460.

34 (9) Upon every person engaging within this state as an insurance
35 producer or title insurance agent licensed under chapter 48.17 RCW; as
36 to such persons, the amount of the tax with respect to such licensed
37 activities shall be equal to the gross income of such business
38 multiplied by the rate of 0.484 percent.

1 (10) Upon every person engaging within this state in business as a
2 hospital, as defined in chapter 70.41 RCW, that is operated as a
3 nonprofit corporation or by the state or any of its political
4 subdivisions, as to such persons, the amount of tax with respect to
5 such activities shall be equal to the gross income of the business
6 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
7 percent thereafter. The moneys collected under this subsection shall
8 be deposited in the health services account created under RCW
9 43.72.900.

10 (11)(a) Beginning October 1, 2005, upon every person engaging
11 within this state in the business of manufacturing commercial
12 airplanes, or components of such airplanes, or making sales, at retail
13 or wholesale, of commercial airplanes or components of such airplanes,
14 manufactured by the seller, as to such persons the amount of tax with
15 respect to such business shall, in the case of manufacturers, be equal
16 to the value of the product manufactured and the gross proceeds of
17 sales of the product manufactured, or in the case of processors for
18 hire, be equal to the gross income of the business, multiplied by the
19 rate of:

20 (i) 0.4235 percent from October 1, 2005, through the later of June
21 30, 2007; and

22 (ii) 0.2904 percent beginning July 1, 2007.

23 (b) Beginning July 1, 2008, upon every person who is not eligible
24 to report under the provisions of (a) of this subsection (11) and is
25 engaging within this state in the business of manufacturing tooling
26 specifically designed for use in manufacturing commercial airplanes or
27 components of such airplanes, or making sales, at retail or wholesale,
28 of such tooling manufactured by the seller, as to such persons the
29 amount of tax with respect to such business shall, in the case of
30 manufacturers, be equal to the value of the product manufactured and
31 the gross proceeds of sales of the product manufactured, or in the case
32 of processors for hire, be equal to the gross income of the business,
33 multiplied by the rate of 0.2904 percent.

34 (c) For the purposes of this subsection (11), "commercial airplane"
35 and "component" have the same meanings as provided in RCW 82.32.550.

36 (d) In addition to all other requirements under this title, a
37 person eligible for the tax rate under this subsection (11) must report
38 as required under RCW 82.32.545.

1 (e) This subsection (11) does not apply on and after July 1, 2024.

2 (12)(a) Until July 1, 2024, upon every person engaging within this
3 state in the business of extracting timber or extracting for hire
4 timber; as to such persons the amount of tax with respect to the
5 business shall, in the case of extractors, be equal to the value of
6 products, including byproducts, extracted, or in the case of extractors
7 for hire, be equal to the gross income of the business, multiplied by
8 the rate of 0.4235 percent from July 1, 2006, through June 30, 2007,
9 and 0.2904 percent from July 1, 2007, through June 30, 2024.

10 (b) Until July 1, 2024, upon every person engaging within this
11 state in the business of manufacturing or processing for hire: (i)
12 Timber into timber products or wood products; or (ii) timber products
13 into other timber products or wood products; as to such persons the
14 amount of the tax with respect to the business shall, in the case of
15 manufacturers, be equal to the value of products, including byproducts,
16 manufactured, or in the case of processors for hire, be equal to the
17 gross income of the business, multiplied by the rate of 0.4235 percent
18 from July 1, 2006, through June 30, 2007, and 0.2904 percent from July
19 1, 2007, through June 30, 2024.

20 (c) Until July 1, 2024, upon every person engaging within this
21 state in the business of selling at wholesale: (i) Timber extracted by
22 that person; (ii) timber products manufactured by that person from
23 timber or other timber products; or (iii) wood products manufactured by
24 that person from timber or timber products; as to such persons the
25 amount of the tax with respect to the business shall be equal to the
26 gross proceeds of sales of the timber, timber products, or wood
27 products multiplied by the rate of 0.4235 percent from July 1, 2006,
28 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
29 June 30, 2024.

30 (d) Until July 1, 2024, upon every person engaging within this
31 state in the business of selling standing timber; as to such persons
32 the amount of the tax with respect to the business shall be equal to
33 the gross income of the business multiplied by the rate of 0.2904
34 percent. For purposes of this subsection (12)(d), "selling standing
35 timber" means the sale of timber apart from the land, where the buyer
36 is required to sever the timber within thirty months from the date of
37 the original contract, regardless of the method of payment for the

1 timber and whether title to the timber transfers before, upon, or after
2 severance.

3 (e) For purposes of this subsection, the following definitions
4 apply:

5 (i) "Biocomposite surface products" means surface material products
6 containing, by weight or volume, more than fifty percent recycled paper
7 and that also use nonpetroleum-based phenolic resin as a bonding agent.

8 (ii) "Paper and paper products" means products made of interwoven
9 cellulosic fibers held together largely by hydrogen bonding. "Paper
10 and paper products" includes newsprint; office, printing, fine, and
11 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
12 kraft bag, construction, and other kraft industrial papers; paperboard,
13 liquid packaging containers, containerboard, corrugated, and solid-
14 fiber containers including linerboard and corrugated medium; and
15 related types of cellulosic products containing primarily, by weight or
16 volume, cellulosic materials. "Paper and paper products" does not
17 include books, newspapers, magazines, periodicals, and other printed
18 publications, advertising materials, calendars, and similar types of
19 printed materials.

20 (iii) "Recycled paper" means paper and paper products having fifty
21 percent or more of their fiber content that comes from postconsumer
22 waste. For purposes of this subsection (12)(e)(iii), "postconsumer
23 waste" means a finished material that would normally be disposed of as
24 solid waste, having completed its life cycle as a consumer item.

25 (iv) "Timber" means forest trees, standing or down, on privately or
26 publicly owned land. "Timber" does not include Christmas trees that
27 are cultivated by agricultural methods or short-rotation hardwoods as
28 defined in RCW 84.33.035.

29 (v) "Timber products" means:

30 (A) Logs, wood chips, sawdust, wood waste, and similar products
31 obtained wholly from the processing of timber, short-rotation hardwoods
32 as defined in RCW 84.33.035, or both;

33 (B) Pulp, including market pulp and pulp derived from recovered
34 paper or paper products; and

35 (C) Recycled paper, but only when used in the manufacture of
36 biocomposite surface products.

37 (vi) "Wood products" means paper and paper products; dimensional

1 lumber; engineered wood products such as particleboard, oriented strand
2 board, medium density fiberboard, and plywood; wood doors; wood
3 windows; and biocomposite surface products.

4 (13) Upon every person engaging within this state in inspecting,
5 testing, labeling, and storing canned salmon owned by another person,
6 as to such persons, the amount of tax with respect to such activities
7 shall be equal to the gross income derived from such activities
8 multiplied by the rate of 0.484 percent.

9 (14) A person reporting pursuant to subsection (1)(e) or (f) of
10 this section must file a complete annual survey with the department
11 pursuant to section 8 of this act.

12 **Sec. 2.** RCW 82.04.4335 and 2003 c 339 s 12 are each amended to
13 read as follows:

14 (1)(a) In computing tax there may be deducted from the measure of
15 tax amounts received from the retail sale, or for the distribution, of
16 wood biomass fuel.

17 (b) A person claiming the deduction provided in this section must
18 file a complete annual survey with the department pursuant to section
19 8 of this act.

20 (2) For the purposes of this (~~act~~[~~section~~]) section, the
21 following definitions apply:

22 (a) "Wood biomass fuel" means a pyrolytic liquid fuel or synthesis
23 gas-derived liquid fuel, used in internal combustion engines, and
24 produced from wood, forest, or field residue, or dedicated energy crops
25 that do not include wood pieces that have been treated with chemical
26 preservatives such as creosote, pentachlorophenol, or copper-chroma-
27 arsenic.

28 (b) "Distribution" means any of the actions specified in RCW
29 82.36.020(2).

30 (3) This section expires July 1, (~~2009~~) 2015.

31 **Sec. 3.** RCW 82.08.960 and 2003 c 339 s 13 are each amended to read
32 as follows:

33 (1) The tax levied by RCW 82.08.020 does not apply to sales of
34 machinery and equipment, or to services rendered in respect to
35 constructing structures, installing, constructing, repairing, cleaning,
36 decorating, altering, or improving of structures or machinery and

1 equipment, or to sales of tangible personal property that becomes an
2 ingredient or component of structures or machinery and equipment, if
3 the machinery, equipment, or structure is used directly for the retail
4 sale of a wood biomass fuel blend. Structures and machinery and
5 equipment that are used for the retail sale of a wood biomass fuel
6 blend and for other purposes are exempt only on the portion used
7 directly for the retail sale of a wood biomass fuel blend.

8 (2) The tax levied by RCW 82.08.020 does not apply to sales of fuel
9 delivery vehicles or to sales of or charges made for labor and services
10 rendered in respect to installing, repairing, cleaning, altering, or
11 improving the vehicles including repair parts and replacement parts if
12 at least seventy-five percent of the fuel distributed by the vehicles
13 is a wood biomass fuel blend.

14 (3) A person taking the exemption under this section must keep
15 records necessary for the department to verify eligibility under this
16 section. The exemption is available only when the buyer provides the
17 seller with an exemption certificate in a form and manner prescribed by
18 the department. The seller shall retain a copy of the certificate for
19 the seller's files.

20 (4) A person claiming an exemption provided in this section must
21 file a complete annual survey with the department under section 8 of
22 this act.

23 (5) For the purposes of this section, the definitions in ((RCW
24 82.69.010 [2003 c 339 § 1] and)) this subsection apply.

25 (a) "Wood biomass fuel blend" means fuel that contains at least
26 twenty percent wood biomass fuel by volume.

27 (b) "Machinery and equipment" means industrial fixtures, devices,
28 and support facilities and tangible personal property that becomes an
29 ingredient or component thereof, including repair parts and replacement
30 parts that are integral and necessary for the delivery of a wood
31 biomass fuel blend into the fuel tank of a motor vehicle.

32 ((+5)) (6) This section expires July 1, ((2009)) 2015.

33 **Sec. 4.** RCW 82.12.960 and 2003 c 339 s 14 are each amended to read
34 as follows:

35 (1) The provisions of this chapter do not apply in respect to the
36 use of machinery and equipment, or to services rendered in respect to
37 installing, repairing, cleaning, altering, or improving of eligible

1 machinery and equipment, or tangible personal property that becomes an
2 ingredient or component of machinery and equipment used directly for
3 the retail sale of a wood biomass fuel blend.

4 (2) The provisions of this chapter do not apply in respect to the
5 use of fuel delivery vehicles including repair parts and replacement
6 parts and to services rendered in respect to installing, repairing,
7 cleaning, altering, or improving the vehicles if at least seventy-five
8 percent of the fuel distributed by the vehicles is a wood biomass fuel
9 blend.

10 (3) A person claiming an exemption provided in this section must
11 file a complete annual survey with the department under section 8 of
12 this act.

13 (4) For the purposes of this section, the definitions in RCW
14 82.08.960 apply.

15 (~~(4)~~) (5) This section expires July 1, (~~(2009)~~) 2015.

16 **Sec. 5.** RCW 82.29A.135 and 2008 c 268 s 2 are each amended to read
17 as follows:

18 (1) For the purposes of this section:

19 (a) "Alcohol fuel" means any alcohol made from a product other than
20 petroleum or natural gas, which is used alone or in combination with
21 gasoline or other petroleum products for use as a fuel for motor
22 vehicles, farm implements, and machines or implements of husbandry.

23 (b) "Anaerobic digester" has the same meaning as provided in RCW
24 82.08.900.

25 (c) "Biodiesel feedstock" means oil that is produced from an
26 agricultural crop for the sole purpose of ultimately producing
27 biodiesel fuel.

28 (d) "Biodiesel fuel" means a mono alkyl ester of long chain fatty
29 acids derived from vegetable oils or animal fats for use in
30 compression-ignition engines and that meets the requirements of the
31 American society of testing and materials specification D 6751 in
32 effect as of January 1, 2003.

33 (e) "Wood biomass fuel" means a pyrolytic liquid fuel or synthesis
34 gas-derived liquid fuel, used in internal combustion engines, and
35 produced from wood, forest, or field residue, or dedicated energy crops
36 that do not include wood pieces that have been treated with chemical

1 preservatives such as creosote, pentachlorophenol, or copper-chroma-
2 arsenic.

3 (2)(a) All leasehold interests in buildings, machinery, equipment,
4 and other personal property which are used primarily for the
5 manufacturing of alcohol fuel, wood biomass fuel, biodiesel fuel,
6 biodiesel feedstock, or the operation of an anaerobic digester, the
7 land upon which this property is located, and land that is reasonably
8 necessary in the manufacturing of alcohol fuel, wood biomass fuel,
9 biodiesel fuel, biodiesel feedstock, or the operation of an anaerobic
10 digester, but not land necessary for growing of crops, which together
11 comprise a new manufacturing facility or an addition to an existing
12 manufacturing facility, are exempt from leasehold taxes for a period of
13 six years from the date on which the facility or the addition to the
14 existing facility becomes operational.

15 (b) For manufacturing facilities which produce products in addition
16 to alcohol fuel, wood biomass fuel, biodiesel fuel, or biodiesel
17 feedstock, the amount of the leasehold tax exemption shall be based
18 upon the annual percentage of the total value of all products
19 manufactured that is the value of the alcohol fuel, wood biomass fuel,
20 biodiesel fuel, and biodiesel feedstock manufactured.

21 (3) Claims for exemptions authorized by this section shall be filed
22 with the department of revenue on forms prescribed by the department of
23 revenue and furnished by the department of revenue. Once filed, the
24 exemption is valid for six years and shall not be renewed. The
25 department of revenue shall verify and approve claims as the department
26 of revenue determines to be justified and in accordance with this
27 section. No claims may be filed after December 31, (~~(2009, except for~~
28 ~~claims for anaerobic digesters, which may be filed no later than~~
29 ~~December 31,)~~) 2012.

30 (4) A person claiming an exemption provided in this section must
31 file a complete annual survey with the department under section 8 of
32 this act.

33 (5) The department of revenue may promulgate such rules, pursuant
34 to chapter 34.05 RCW, as are necessary to properly administer this
35 section.

36 **Sec. 6.** RCW 84.36.635 and 2008 c 268 s 1 are each amended to read
37 as follows:

1 (1) For the purposes of this section:

2 (a) "Alcohol fuel" means any alcohol made from a product other than
3 petroleum or natural gas, which is used alone or in combination with
4 gasoline or other petroleum products for use as a fuel for motor
5 vehicles, farm implements, and machines or implements of husbandry.

6 (b) "Anaerobic digester" has the same meaning as provided in RCW
7 82.08.900.

8 (c) "Biodiesel feedstock" means oil that is produced from an
9 agricultural crop for the sole purpose of ultimately producing
10 biodiesel fuel.

11 (d) "Biodiesel fuel" means a mono alkyl ester of long chain fatty
12 acids derived from vegetable oils or animal fats for use in
13 compression-ignition engines and that meets the requirements of the
14 American society of testing and materials specification D 6751 in
15 effect as of January 1, 2003.

16 (2)(a) All buildings, machinery, equipment, and other personal
17 property which are used primarily for the manufacturing of alcohol
18 fuel, biodiesel fuel, biodiesel feedstock, or the operation of an
19 anaerobic digester, the land upon which this property is located, and
20 land that is reasonably necessary in the manufacturing of alcohol fuel,
21 biodiesel fuel, biodiesel feedstock, or the operation of an anaerobic
22 digester, but not land necessary for growing of crops, which together
23 comprise a new manufacturing facility or an addition to an existing
24 manufacturing facility, are exempt from property taxation for the six
25 assessment years following the date on which the facility or the
26 addition to the existing facility becomes operational.

27 (b) For manufacturing facilities which produce products in addition
28 to alcohol fuel, biodiesel fuel, or biodiesel feedstock, the amount of
29 the property tax exemption shall be based upon the annual percentage of
30 the total value of all products manufactured that is the value of the
31 alcohol fuel, biodiesel fuel, and biodiesel feedstock manufactured.

32 (3) Claims for exemptions authorized by this section shall be filed
33 with the county assessor on forms prescribed by the department of
34 revenue and furnished by the assessor. Once filed, the exemption is
35 valid for six years and shall not be renewed. The assessor shall
36 verify and approve claims as the assessor determines to be justified
37 and in accordance with this section. No claims may be filed after

1 December 31, (~~2009, except for claims for anaerobic digesters, which~~
2 ~~may be filed no later than December 31,~~) 2012.

3 (4) A person claiming an exemption provided in this section must
4 file a complete annual survey with the department of revenue under
5 section 8 of this act.

6 (5) The department of revenue may promulgate such rules, pursuant
7 to chapter 34.05 RCW, as necessary to properly administer this section.

8 **Sec. 7.** RCW 84.36.640 and 2003 c 339 s 9 are each amended to read
9 as follows:

10 (1) For the purposes of this section, "wood biomass fuel" means a
11 pyrolytic liquid fuel or synthesis gas-derived liquid fuel, used in
12 internal combustion engines, and produced from wood, forest, or field
13 residue, or dedicated energy crops that do not include wood pieces that
14 have been treated with chemical preservatives such as creosote,
15 pentachlorophenol, or copper-chroma-arsenic.

16 (2)(a) All buildings, machinery, equipment, and other personal
17 property which is used primarily for the manufacturing of wood biomass
18 fuel, the land upon which this property is located, and land that is
19 reasonably necessary in the manufacturing of wood biomass fuel, but not
20 land necessary for growing of crops, which together comprise a new
21 manufacturing facility or an addition to an existing manufacturing
22 facility, are exempt from property taxation for the six assessment
23 years following the date on which the facility or the addition to the
24 existing facility becomes operational.

25 (b) For manufacturing facilities which produce products in addition
26 to wood biomass fuel, the amount of the property tax exemption shall be
27 based upon the annual percentage of the total value of all products
28 manufactured that is the value of the wood biomass fuel manufactured.

29 (3) Claims for exemptions authorized by this section shall be filed
30 with the county assessor on forms prescribed by the department of
31 revenue and furnished by the assessor. Once filed, the exemption is
32 valid for six years and shall not be renewed. The assessor shall
33 verify and approve claims as the assessor determines to be justified
34 and in accordance with this section. No claims may be filed after
35 December 31, (~~2009~~) 2012.

36 (4) A person claiming an exemption provided in this section must

1 file a complete annual survey with the department of revenue under
2 section 8 of this act.

3 (5) The department of revenue may promulgate such rules, pursuant
4 to chapter 34.05 RCW, as necessary to properly administer this section.

5 NEW SECTION. **Sec. 8.** A new section is added to chapter 82.32 RCW
6 to read as follows:

7 (1)(a) A person claiming a tax preference that requires a survey
8 under this section must file a complete annual survey with the
9 department by March 31st of the year following any calendar year in
10 which a person becomes eligible to claim the tax preference.

11 (b) The department may extend the due date for timely filing of
12 annual surveys under this section, as provided in RCW 82.32.590.

13 (2)(a) The survey must include the amount of the tax preference
14 claimed for the calendar year covered by the survey.

15 (b) The survey must also include the following information for
16 employment positions in Washington, excluding the names of employees,
17 for the year that the tax preference was claimed:

18 (i) The number of total employment positions;

19 (ii) Full-time, part-time, and temporary employment positions, as
20 a percent of total employment;

21 (iii) The number of employment positions, according to the
22 following wage bands: Less than thirty thousand dollars; more than
23 thirty thousand dollars but less than sixty thousand dollars; and sixty
24 thousand dollars or more. A wage band containing fewer than three
25 individuals may be combined with another wage band; and

26 (iv) The number of employment positions that have medical, dental,
27 and retirement benefits provided by an employer, by each of the wage
28 bands.

29 (c) If the person filing a survey under this section did not file
30 a survey with the department in the previous calendar year, the survey
31 filed under this section must also include the employment, wage, and
32 benefit information required under (b)(i) through (iv) of this
33 subsection for the calendar year immediately preceding the calendar
34 year for which a tax preference was claimed.

35 (3) As part of the annual survey, the department may request
36 additional information necessary to measure the results of, or
37 determine eligibility for, the tax preference.

1 (4) All information collected under this section, except the amount
2 of the tax preference claimed, is deemed taxpayer information under RCW
3 82.32.330. Information on the amount of tax preference claimed is not
4 subject to the confidentiality provisions of RCW 82.32.330 and may be
5 disclosed to the public upon request, except as provided in subsection
6 (5) of this section. If the amount of the tax preference claimed as
7 reported on the survey is different than the amount actually claimed or
8 otherwise allowed by the department based on the taxpayer's excise tax
9 returns or other information known to the department, the amount
10 actually claimed or allowed may be disclosed.

11 (5) Persons for whom the actual amount of the tax reduced or saved
12 is less than ten thousand dollars during the period covered by the
13 survey may request the department to treat the amount of the tax
14 reduction or savings as confidential under RCW 82.32.330.

15 (6)(a) Except as otherwise provided by law, if a person claims a
16 tax preference that requires an annual survey under this section but
17 fails to submit a complete annual survey by the due date of the survey
18 or any extension under RCW 82.32.590, the department must declare the
19 amount of the tax preference claimed for the previous calendar year to
20 be immediately due.

21 (b) The department must assess interest, but not penalties, on the
22 amounts due under this subsection. The interest must be assessed at
23 the rate provided for delinquent taxes under this chapter,
24 retroactively to the date the tax preference was claimed, and accrues
25 until the taxes for which the tax preference was claimed are repaid.
26 Amounts due under this subsection are not subject to the
27 confidentiality provisions of RCW 82.32.330 and may be disclosed to the
28 public upon request.

29 (7) The department must use the information from this section to
30 prepare summary descriptive statistics by category. No fewer than
31 three taxpayers may be included in any category. The department must
32 report these statistics to the legislature each year by October 1st.

33 (8) For the purposes of this section:

34 (a) "Person" has the meaning provided in RCW 82.04.030 and also
35 includes the state and its departments and institutions.

36 (b) "Tax preference" has the meaning provided in RCW 43.136.021 and
37 includes only the tax preferences requiring a survey under this
38 section.

1 **Sec. 9.** RCW 82.32.590 and 2008 c 81 s 13 and 2008 c 15 s 7 are
2 each reenacted and amended to read as follows:

3 (1) If the department finds that the failure of a taxpayer to file
4 an annual survey or annual report under RCW 82.04.4452, 82.32.5351,
5 82.32.650, 82.32.630, 82.32.610, section 8 of this act, 82.82.020, or
6 82.74.040 by the due date was the result of circumstances beyond the
7 control of the taxpayer, the department shall extend the time for
8 filing the survey or report. Such extension shall be for a period of
9 thirty days from the date the department issues its written
10 notification to the taxpayer that it qualifies for an extension under
11 this section. The department may grant additional extensions as it
12 deems proper.

13 (2) In making a determination whether the failure of a taxpayer to
14 file an annual survey or annual report by the due date was the result
15 of circumstances beyond the control of the taxpayer, the department
16 shall be guided by rules adopted by the department for the waiver or
17 cancellation of penalties when the underpayment or untimely payment of
18 any tax was due to circumstances beyond the control of the taxpayer.

19 **Sec. 10.** RCW 82.32.600 and 2008 c 81 s 14 and 2008 c 15 s 8 are
20 each reenacted and amended to read as follows:

21 (1) Persons required to file annual surveys or annual reports under
22 RCW 82.04.4452, 82.32.5351, 82.32.545, 82.32.610, section 8 of this
23 act, 82.32.630, 82.82.020, or 82.74.040 must electronically file with
24 the department all surveys, reports, returns, and any other forms or
25 information the department requires in an electronic format as provided
26 or approved by the department. As used in this section, "returns" has
27 the same meaning as "return" in RCW 82.32.050.

28 (2) Any survey, report, return, or any other form or information
29 required to be filed in an electronic format under subsection (1) of
30 this section is not filed until received by the department in an
31 electronic format.

32 (3) The department may waive the electronic filing requirement in
33 subsection (1) of this section for good cause shown.

34 NEW SECTION. **Sec. 11.** Sections 1 through 4, 8, and 10 of this act
35 are necessary for the immediate preservation of the public peace,

1 health, or safety, or support of the state government and its existing
2 public institutions, and take effect June 30, 2009.

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