



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

JUNE 23, 2009

Tax Incentives on Sales and Purchases of Hog Fuel and Forest-Derived Biomass

Effective July 1, 2009, Engrossed Substitute Senate Bill 6170 (Chapter 469, Laws of 2009), provides retail sales and use tax exemptions on purchases of hog fuel to produce electricity, steam, heat, or biofuel. Hog fuel is defined as wood waste and other wood residuals including forest-derived biomass. Hog fuel does not include firewood or wood pellets. These exemptions expire on June 30, 2013.

The buyer must provide the seller with a completed *Buyer's Retail Sales Tax Exemption Certificate* to document the sales tax exemption. The form is available on our web site under "Get a form or publication."

B&O credit for harvesters of forest-derived biomass

In addition, the bill provides a business and occupation (B&O) tax credit for harvesters of forest-derived biomass sold, transferred, or used for production of electricity, steam, heat, or biofuel as follows:

- Forest derived biomass harvested October 1, 2009, through June 30, 2010:
 - \$0 per harvested green ton
- Forest derived biomass harvested July 1, 2010, through June 30, 2013:
 - \$3 per harvested green ton
- Forest derived biomass harvested from July 1, 2013, through June 30, 2015:
 - \$5 per harvested green ton

The amount of credit allowed for a reporting period may not exceed the tax due for that reporting period. Any unused credit may be carried forward to future reporting periods for a maximum of two years.

The credit expires June 30, 2015.

Definitions

"Biofuel" includes, but is not limited to, biodiesel, ethanol, and ethanol blend fuels and renewable liquid natural gas or liquid compressed natural gas made from biogas (RCW 43.325.010).

"Forest-derived biomass" consists of tree limbs, tops, needles, leaves, and other woody debris that are residues from such activities as timber harvesting, forest thinning, fire suppression, or forest health (WAC 458-40-610). Forest-derived biomass does not include scalable timber products or firewood (defined in WAC 458-40-650).

"Harvested" means the time when in the ordinary course of business the quantity of timber by species is first definitely determined. The amount harvested shall be determined by the Scribner Decimal C Scale or other prevalent measuring practice adjusted to arrive at substantially equivalent measurements, as approved by the department (RCW 84.33.035)

"Harvester" means every person who from the person's own land or from the land of another under a right or license granted by lease or contract, either directly or by contracting with others for the necessary labor or mechanical services, fells, cuts, or takes timber for sale or for commercial or industrial use. The term "harvester" does not include persons performing under contract the necessary labor or mechanical services for a harvester (RCW 84.33.035).

P.O. BOX 47478 | OLYMPIA, WASHINGTON 98504-7478 | 1-800-647-7706 | [HTTP://DOR.WA.GOV](http://DOR.WA.GOV)

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360)705-6715. Teletype (TTY) users please call 1-800-451-7985.