

Wood Biomass Fuel Manufacturing

JLARC Staff 2017 Tax Preference Performance Evaluation

Business & Occupation Tax Preference

Objectives (stated)	Results
Encourage the production of wood biomass fuel in Washington.	Not met. The preference has not been used.
Reduce air pollution and greenhouse gas emissions by promoting the production of wood biomass fuel.	
Increase demand for wood biomass.	

Preferential B&O tax rate for businesses that make liquid fuel from wood biomass

Wood biomass is wood, forest, or field residue (e.g., wood chips, bark) or crops grown specifically for fuel production.

Businesses must use specific manufacturing processes to qualify.

Preference has not been used

No beneficiaries claiming the tax preference, past or present.

Preference is one of six passed in 2003 and the only one still in effect

Preference	Tax Type	Expired
Wood biomass fuel manufacturing	Business and occupation	No
Wood biomass fuel sales	Business and occupation	Yes
Wood biomass fuel machinery & equipment	Sales and use	Yes
Wood biomass fuel production facilities	Real and personal property	Yes
Wood biomass fuel production facilities	Leasehold Excise	Yes
Retail sales and use tax deferral	Sales and use	Never took effect*

* The Legislature extended a separate sales and use tax deferral, nullifying this preference.

Legislative Auditor recommendation: **Terminate**

The preference is not used and other tax preferences directed at wood biomass fuel manufacturing are no longer in effect. Having only one preference may not provide sufficient incentive to meet the objectives.

The complete report is on the JLARC web site.

For more information, contact: Keenan Konopaski, Washington State Legislative Auditor
(360) 786-5187 • keenan.konopaski@leg.wa.gov

July 2017