

Hog Fuel to Produce Energy

2019 JLARC TAX PREFERENCE REVIEW

Estimated 2021-23 beneficiary savings: \$5.6 million

Sales and use tax

Beneficiaries are exceeding the goal of retaining 75% of jobs at participating facilities

Sales and use tax exemption for businesses that purchase hog fuel to produce energy.

WHAT IS "HOG FUEL"?

Wood waste or residuals from lumber mills, construction or demolition sites. Tree parts and other woody debris from timber harvesting or forest thinning (also known as "forest-derived biomass").



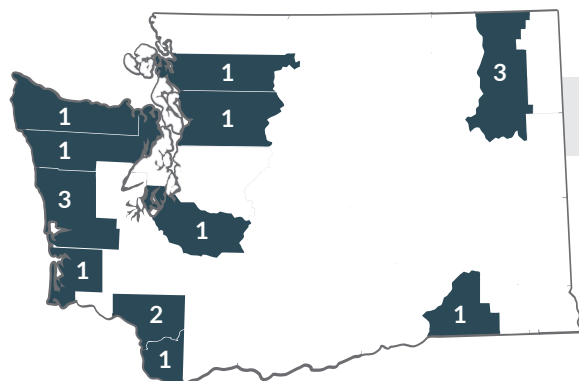
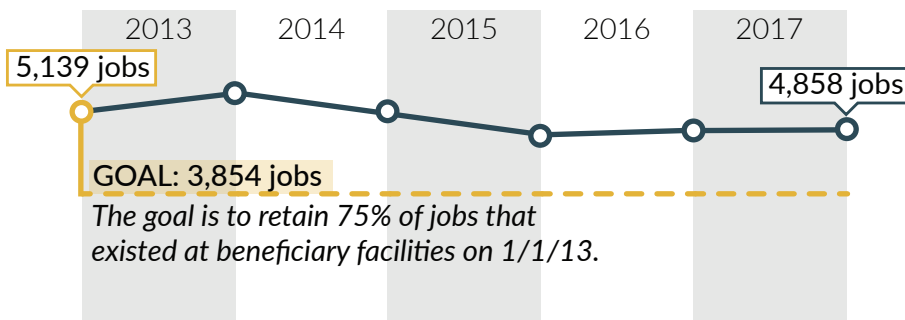
Enacted in 2009, extended in 2013.



Scheduled to expire June 30, 2024.

Facilities kept 94.5% of the jobs they reported in January 2013

Preference enacted Jan. 1, 2013 and measured Dec. 31 of each year thereafter.



16 facilities used the preference in 2017

In 2017

47% of beneficiary employees' annual wages were \$60,000 or more.

Average annual wage in the counties where facilities are located was \$51,000.

In 2017, over 80% of facility employees enrolled in employer-provided medical, dental, and retirement plans

51% of Washington private sector employees enrolled in employer-provided medical plans. State-level dental and retirement enrollment data is not available.

LEGISLATIVE AUDITOR'S RECOMMENDATION

Continue

The Legislature should continue the preference by extending the expiration date before it expires on June 30, 2024.

- Facilities throughout Washington are using the preference. To date, beneficiaries are exceeding the stated goal of retaining at least 75 percent of the jobs at the facilities where the preference is used.

The complete report is on the JLARC web site: www.leg.wa.gov/jlarc

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July 2019

