Business and Occupation Tax Credit for Harvester of Forest-Derived Biomass Continues

The business and occupation (B&O) tax credit provided by RCW 82.04.4494 for harvesters of forest-derived biomass sold, transferred, or used for production of electricity, steam, heat, or biofuel remains in effect through June 30, 2015. This program was not changed during the 2013 legislative session, but is being discussed here as a convenience to businesses.

The credit is calculated on forest-derived biomass as follows:

- Harvested October 1, 2009, through June 30, 2010—$0 per harvested green ton
- Harvested July 1, 2010, through June 30, 2013—$3 per harvested green ton
- 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. Only “harvesters” as defined below qualify for this credit.

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 458-40-660). Forest-derived biomass does not include scalable timber products or firewood (defined in WAC 458-40-650).

“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, falls, 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).