# Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

ETA 3014.2026 Issue Date: June 17, 2026

## Self-Produced Fuels

**Purpose**

This Excise Tax Advisory (ETA) addresses the application of state and local use tax on self-produced fuels. In addition, this ETA provides guidance on the application of business and occupation (B&O) tax on the production of self-produced fuels.

**Self-Produced Fuels**

An extractor or manufacturer may use self-produced fuels directly in the operation of the manufacturing plant that produced or manufactured the fuel. Self-produced fuels are subject to state use tax as outlined below. The use of self-produced fuels continues to be exempt from local use tax. RCW 82.12.0203. In addition, production of self-produced fuels may be subject to manufacturing B&O tax, wood biomass fuel manufacturing B&O tax, petroleum products tax, and hazardous substance tax.

Self-produced fuels include, but are not limited to, biomass, diesel, biodiesel, hydrogen, catalyst coke, green coke, and refinery fuel gas.

**Biomass Fuel**

Self-produced biomass fuel is exempt from state and local use tax when is used by the extractor or manufacturing plant that produced or manufactured the biomass fuel. RCW 82.12.0263.

Biomass fuel is wood waste and other wood residuals, including forest-derived biomass. It includes partially organic by-products of pulp, paper, and wood manufacturing processes. Biomass fuel does not include firewood or wood pellets.

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Self-produced biomass fuel is subject to B&O tax under the wood biomass fuel manufacturing classification. The value of the wood biomass fuel manufactured is multiplied by the preferential B&O tax rate of 0.138%. RCW 82.04.260.

**Refinery Fuel Gas**

The term "refinery fuel gas" is used to refer to a gaseous mixture of methane, light hydrocarbons, hydrogen, and other miscellaneous species (nitrogen, carbon dioxide, hydrogen sulfide, etc.) that is produced in the refining of crude oil or petrochemical processes and is separated for use as a fuel throughout the refinery.

Refinery fuel gas is subject to the B&O tax under the manufacturing classification. RCW 82.04.240.

The use of self-produced refinery fuel gas is subject to state use tax. When calculating use tax on refinery fuel gas, the value of the fuel gas is based on the "three-year average spot price of natural gas". The three-year average spot price of natural gas is calculated using the average of the 36 most recent monthly Henry Hub natural gas spot prices as published by the U.S. Energy Information Administration (EIA).

The following is the use tax value of refinery fuel gas for each calendar quarter starting October 2023, based on the three-year average spot price:

| Quarter | Refinery fuel gas value |
|---|---|
| July 1, 2026, through September 30, 2026 | $2.97 per million Btu |
| April 1, 2026, through June 30, 2026 | $2.91 per million Btu |
| January 1, 2026, through March 31, 2026 | $2.79 per million Btu |
| October 1, 2025, through December 31, 2025 | $3.04 per million Btu |
| July 1, 2025, through September 30, 2025 | $3.45 per million Btu |
| April 1, 2025, through June 30, 2025 | $3.70 per million Btu |
| January 1, 2025, through March 31, 2025 | $3.74 per million Btu |
| October 1, 2024, through December 31, 2024 | $3.99 per million Btu |
| July 1, 2024, through September 30, 2024 | $4.12 per million Btu |
| April 1, 2024, through June 30, 2024 | $4.20 per million Btu |
| January 1, 2024, through March 31, 2024 | $4.29 per million Btu |
| October 1, 2023, through December 31, 2023 | $4.25 per million Btu |

Businesses that use self-produced refinery fuel gas must pay state use tax at the rate of 3.852%. RCW 82.12.0203(2).

The use of self-produced refinery fuel gas as a fuel is not subject to local use tax. RCW 82.12.0203(3).

**Note:** Taxpayers who use the preferential use tax rate above must file an annual tax performance report by May 31st of the year following any calendar year in

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|---|---|
| | which the preferential use tax rate was claimed. See RCW 82.32.808 & RCW 82.32.534. |
| **Catalyst Coke** | Catalyst coke (also referred to as catalytic coke or catalytic petroleum coke) is a carbon-rich byproduct of fluid catalytic cracking (FCC), used to refine crude oil. During FCC, catalyst coke accumulates on the catalyst, reducing its effectiveness. It is common to burn the catalyst coke in order to remove it from the catalyst, which produces heat that is used for purposes related to the refinery.<br><br>Catalyst coke is waste that must be removed. The process involved in removing the waste secondarily produces heat.<br><br>The use of self-produced catalyst coke is subject to the state use tax. However, the use of self-produced catalyst coke is exempt from local use tax. RCW 82.12.0203(3). The creation of catalyst coke is not subject to the manufacturing B&O tax. |
| **Other Self-Produced Fuels** | Other self-produced fuels, which include but are not limited to diesel, biodiesel, hydrogen, and green coke, are fuels produced by the extractor or manufacturer and used directly in the operation of the particular extractive operation or manufacturing plant that produced or manufactured the self-produced fuel.<br><br>The use of self-produced green coke, diesel, biodiesel, and hydrogen by the extractor or manufacturer that produced the fuel is subject to state use tax. The use of these self-produced fuels is not subject to local use tax. RCW 82.12.0203(3).<br><br>These other self-produced fuels are subject to the manufacturing B&O tax. |
| **Hazardous Substance and Petroleum Products Tax** | Washington imposes a hazardous substance tax and a petroleum products tax on the first possession of hazardous substances and petroleum products in this state.<br><br>For more information, please see the following:<br><br>• WAC 458-20-252 Hazardous Substance Tax and the Department's webpage Hazardous substance tax, ***and***<br><br>• WAC 458-20-281 Petroleum product tax and the Department's webpage Petroleum products tax. |