



Proposed Study Questions: Hog Fuel to Produce Energy

State of Washington Joint Legislative Audit and Review Committee • September 2018

Legislature directed JLARC to review a sales and use tax exemption for hog fuel purchases



The 2006 Legislature directed the staff of the Joint Legislative Audit and Review Committee (JLARC) to conduct performance audits of tax preferences. This preference is included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.

The 2013 Legislature extended an existing sales and use tax exemption for businesses operating facilities that purchase hog fuel to produce energy. It required JLARC to review the preference by October 31, 2019. The preference is scheduled to expire June 30, 2024.

“Hog fuel” is wood waste, wood residual, or forest derived biomass product that is ground and used as a commercial energy source. It is used in boilers to generate electric power at lumber mills and also to generate power for sale.

Sales and use tax exemption established with goal of retaining jobs in Washington

The Legislature stated its objective in extending the preference was to retain “relatively high wage jobs” in counties where businesses that purchase and use hog fuel are located. The Legislature set a goal of retaining 75 percent of the jobs at each business facility that has used the preference.

This study will answer the following questions in July 2019:

- 1) Have the businesses using this preference maintained at least 75 percent of the jobs they reported at their qualifying facilities as of January 1, 2013?
- 2) How do the wages and benefits provided to employees at these facilities compare to the average wages and benefits provided in the counties where the facilities are located?

Study Timeframe

Preliminary Report: July 2019 Proposed Final Report: December 2019

Study Team

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JLARC Study Process

