



FUEL ALCOHOL

FUEL ALCOHOL: ALCOHOL FUEL PRODUCTION INCENTIVES

State of Washington Incentives

SB 3551—Alcohol Fuels Tax Incentive. This would offer preferential tax consideration for those entering into the production of fuel alcohol. Preferential consideration would come in the areas of property and leasehold excise tax exemptions on buildings, machinery, equipment, and other properties used in the production of fuel alcohol. (Land used to grow crops for mash would not be exempt.) Sales of gasohol until December 31, 1986, would also be exempt from the business and occupations tax.

SB 3629—Gasohol. This bill would exempt alcohol which is sold for motor vehicle fuel from the motor vehicle fuel and special fuel excise taxes. Such fuel would be exempted from the retail sales or use taxes. Exemptions would apply to all alcohol sold as fuel in mixes of 9 1/2 to 100% alcohol.

HB 1630—Gasohol. This bill would change existing laws so that the state does not duplicate the monitoring of the federal production of fuel alcohol so long as the alcohol is not being used for commercial purposes other than fuel. Abuse of this act is punishable as a gross misdemeanor with a minimum \$500 fine and/or 6 months in jail.

HB 1568—Gasohol. This bill would require the state motor pool to use gasohol in its vehicles in at least 9 1/2% by volume.

Federal Incentives: (Windfall Profits Tax of 1980)

1. An increase to 15% and extension through

1985 for the energy investment credit for solar, wind, and geothermal equipment, as well as an extension of the solar credit to equipment used to provide process heat.

2. An extension through 1985 of the 10% energy tax credit for certain biomass and gasohol equipment.
3. Extension through 1992 of the 4¢/gal excise tax exemption for gasohol and other incentives for alcohol fuels.
4. A tax exemption for industrial development bonds used to finance small-scale hydroelectric equipment, certain solid waste disposal facilities, and certain renewable energy programs.

The Windfall Profits Tax also provides operational credits a farmer may be able to take advantage of. The credits are as follows:

- Extends the exemption from the 4¢/gal federal excise taxes on gasoline, diesel fuel, or other motor fuels, for gasohol which is at least 10% alcohol through 1992.
- Where alcohol is used as a fuel (either blended or straight) of a type suitable for use in an internal combustion engine and the excise tax exemption for gasohol does not apply, a tax credit is provided. In general, the credit is available to the blender in the case of blended fuels and the user in the case of straight fuels, and the amount is 40¢/gal for alcohol of at least 190 proof and 30¢/gal for alcohol between 150 and 190 proof. The credit is non-refundable, but a 7-year carry forward will be allowed.



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- If a person purchases tax-paid gasoline which is used in the production of tax exempt gasohol, the person may obtain a refundable income tax credit or a payment (if the amount is \$200 or more during any of the first 3 quarters of the taxable year) of the taxes paid on such gasoline.

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