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ETA 3190.2014

Issue Date: May 5, 2014

Hazardous Substance Tax, Biodiesel (B100), and B99.9/B99 Biodiesel Blend

Scope

The Hazardous Substance Tax (HST) is a tax imposed on possession of a hazardous substance in Washington. See RCW 82.21.030. This Excise Tax Advisory (ETA) clarifies whether the HST applies to biodiesel (B100) and/or B99.9/B99 biodiesel blend (B99.9/B99). The scope of this ETA is limited to the question of whether the Department of Revenue considers biodiesel (B100) and/or B99.9/B99 biodiesel blend to be subject to the HST under chapter 82.21 RCW.

Discussion

As used in the ETA, the term “biodiesel” refers to a fuel blend stock comprised of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, and meeting the requirements of American Society for Testing and Materials (ASTM) D6751 specifications for Biodiesel Fuel (B100) – Blend Stock for Distillate Fuels.

Biodiesel (B100) does not meet the statutory definition of a hazardous substance for HST purposes. See RCW 82.21.020.

B99.9/B99 biodiesel blend is produced when 0.1 to 1 percent (by volume) of petroleum diesel is added to biodiesel (B100). Producers or blenders may add this amount of petroleum diesel to receive a blender’s tax credit under federal law (26 U.S.C. § 6426(c) Internal Revenue Code). The B99.9/B99 biodiesel blend is then used as a fuel blending stock and blended with petroleum diesel to produce other biodiesel blends (e.g., B20 or B5). These other blends are subject to HST.

Conclusion

B99.9/B99 biodiesel blend that meets the ASTM D6751 specifications is not considered a hazardous substance for HST purposes and is not subject to the HST.

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