

SENATE BILL REPORT

SB 6238

As Reported by Senate Committee On:
Energy, Natural Resources & Marine Waters, January 30, 2012

Title: An act relating to aviation biofuels production.

Brief Description: Revising provisions concerning regulation of aviation biofuels production.

Sponsors: Senators Brown, Delvin, Shin, McAuliffe and Ranker.

Brief History:

Committee Activity: Energy, Natural Resources & Marine Waters: 1/23/12, 1/30/12 [DPS].

SENATE COMMITTEE ON ENERGY, NATURAL RESOURCES & MARINE WATERS

Majority Report: That Substitute Senate Bill No. 6238 be substituted therefor, and the substitute bill do pass.

Signed by Senators Ranker, Chair; Regala, Vice Chair; Delvin, Ranking Minority Member; Morton, Ranking Minority Member; Hargrove, Stevens and Swecker.

Staff: William Bridges (786-7416)

Background: Sustainable Aviation Fuels Northwest (SAFN). Led by Alaska Airlines, the Boeing Company; the Ports of Seattle, Portland, and Spokane; and Washington State University, SAFN is a broad-based stakeholder group that explores the opportunities and challenges surrounding the production of sustainable aviation fuels. In May 2011 SAFN released a report which concluded, among other things, that the Northwest offers significant assets to meet a portion of jet fuel demands from sustainable regional feedstocks.

State Energy Strategy. The 2012 state energy strategy, prepared by the Department of Commerce (Commerce), is designed to promote a clean energy economy, competitive energy prices, and lower greenhouse gas emissions. Among other things, the strategy highlights Washington's unique opportunity to become a hub for the production and use of sustainable biofuels for aviation.

Projects of Statewide Significance. In order to encourage major investments for industrial development, environmental improvement, and innovation activities, the Legislature created a process, called projects of statewide significance, in order to expedite the completion of projects that meet certain capital investment or job creation requirements. Commerce

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designates projects of statewide significance, and local governments with such projects must work with the Office of Regulatory Assistance to expedite their permitting.

Washington State Housing Finance Commission (HFC). Created by the Legislature to assist in making affordable housing available throughout the state, HFC is authorized by federal law to issue tax-exempt revenue bonds to fund low-cost housing. HFC does not use public funds, nor does it lend the credit of the state. Under 2009 legislation, HFC bonds may be used to provide financing for energy efficiency improvements or net metered systems.

Innovate Washington. Created by the Legislature in 2011, Innovate Washington is the primary state agency focused on the innovation-based economic sectors of the state and the technology transfer needs of the state's existing businesses. It is also the state's lead entity for coordinating clean energy initiatives.

Summary of Bill (Recommended Substitute): Designates Aviation Biofuels Production Facilities as Projects of Statewide Significance. Aviation biofuels production facilities are added to the definition of project of statewide significance, which makes the biofuel facilities eligible for expedited local permitting. The term aviation biofuels production facility is defined.

Authorizes HFC Financing for Aviation Biofuels Production Facilities. HFC may finance facilities that are primarily for the production, processing, or handling of aviation biofuels or the nonfossil biogenic carbon feedstocks of such fuels. Various terms are defined, including aviation biofuels, facilities, financing document, and project costs.

Requiring Innovate Washington to Convene a Sustainable Aviation Biofuels Work Group. Among other things, the work group must further the development of a sustainable aviation fuel industry in the state, using as a foundation the assessment prepared by SAFN. The workgroup's membership is specified, and must include legislative members. The work group may not meet more than twice per year, and must provide annual updates of its findings and recommendations to the governor and legislative committees. The workgroup expires in June 2015.

Findings. Various findings are made, such as the environmental and energy independence benefits of supporting the regional production of aviation biofuels.

EFFECT OF CHANGES MADE BY ENERGY, NATURAL RESOURCES & MARINE WATERS COMMITTEE (Recommended Substitute): The Housing Finance Commission is added as a member of the Sustainable Aviation Biofuels Work Group.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: The bill will allow Washington to use its strengths in biomass feedstock, aviation, and academic research to create an environmental and economically sustainable biofuels industry. It builds on WSU's current efforts in researching bioenergy and the efforts of SAFN. The bill will support an aviation biofuels industry that will create jobs and staunch the outflow of Washington dollars for these fuels, without any risk to the good faith and credit of the state.

Persons Testifying: PRO: Senator Brown, prime sponsor; Amy Bann, Boeing Commercial Airplanes Division; Kim Herman, WA State Housing Finance Commission; Chris Mulick, WSU; Chris Partridge, DNR.