

ESSB 6508 - H COMM AMD

By Committee on Technology, Energy & Communications

NOT CONSIDERED 03/01/2006

1 Strike everything after the enacting clause and insert the
2 following:

3 NEW SECTION. **Sec. 1.** The legislature finds that it is in the
4 public interest to establish a market for alternative fuels in
5 Washington. By requiring a growing percentage of our fuel supply to be
6 renewable biofuel that meets appropriate fuel quality standards, we
7 will reduce our dependence on imports of foreign oil, improve the
8 health and quality of life for Washingtonians, and stimulate the
9 creation of a new industry that benefits our farmers and rural
10 communities. The legislature finds that it is in the public interest
11 for the state to play a central role in spurring the market by
12 purchasing an increasing amount of alternative fuels. The legislature
13 agrees with national leaders that we must act now, and that the more
14 than two years before the requirements of this act take effect is
15 sufficient time for feedstock and fuel providers to prepare for
16 successful implementation.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 19.112 RCW
18 to read as follows:

19 (1) Special fuel licensees under chapter 82.38 RCW, other than
20 international fuel tax agreement licensees and special fuel
21 distributors, shall provide evidence to the department of licensing
22 that at least two percent of total annual diesel fuel sales are
23 biodiesel fuel sales, six months after the director determines that
24 feedstock grown in Washington state can satisfy a two-percent
25 requirement, or the date November 30, 2008, has passed.

26 (2) Special fuel licensees under chapter 82.38 RCW, other than
27 international fuel tax agreement licensees and special fuel
28 distributors, shall provide evidence to the department of licensing
29 that at least five percent of total annual diesel fuel sales are

1 biodiesel fuel sales, six months after the director determines that
2 both in-state oil seed crushing capacity and feedstock grown in
3 Washington state can satisfy a three-percent requirement.

4 (3) For the purposes of this chapter, "biodiesel fuel" has the
5 meaning provided in RCW 82.29A.135.

6 (4) The director and the director of licensing shall adopt rules
7 for enforcing and carrying out the purposes of this section.

8 NEW SECTION. **Sec. 3.** A new section is added to chapter 19.112 RCW
9 to read as follows:

10 (1) Beginning December 1, 2008, all gasoline sold or offered for
11 sale in Washington shall contain at least two percent denatured ethanol
12 by volume.

13 (2) If the director of ecology determines that ethanol content
14 greater than two percent will not jeopardize continued attainment of
15 the federal clean air act's national ambient air quality standard for
16 ozone pollution in Washington and the director of agriculture
17 determines that sufficient raw materials are available within
18 Washington to support economical production of ethanol at higher
19 levels, the director of agriculture may require by rule that all
20 gasoline sold or offered for sale in Washington shall contain up to a
21 maximum of ten percent of denatured ethanol by volume. The director of
22 agriculture shall allow six months to meet the new minimum content
23 requirement under this subsection.

24 (3) The director of agriculture shall adopt rules for enforcing and
25 carrying out the purposes of this section.

26 **Sec. 4.** RCW 19.112.020 and 1990 c 102 s 3 are each amended to read
27 as follows:

28 (1) This chapter shall be administered by the director or his or
29 her authorized agent. (~~For the purpose of administering this~~
30 chapter,))

31 (2) The director, by rule, shall adopt standards for motor fuel and
32 for biodiesel fuel or fuel blended with biodiesel fuel by adopting all
33 or part of the standards set forth in the Annual Book of ASTM Standards
34 and supplements (~~thereto, and revisions thereof, are adopted~~),
35 amendments, or revisions thereof, all or part of the standards set
36 forth in the National Institute of Standards and Technology (NIST)

1 Handbook 130, Uniform Laws and Regulations in the areas of legal
2 metrology and engine fuel quality rules, and any supplements,
3 amendments, or revisions thereof, together with applicable federal
4 environmental protection agency standards. If a conflict exists
5 between federal environmental protection agency standards, ASTM
6 standards, or ~~((state))~~ NIST standards, for purposes of uniformity,
7 federal environmental protection agency standards shall take precedence
8 over ASTM and NIST standards. ~~((Any state standards adopted must be~~
9 ~~consistent with federal environmental protection agency standards and~~
10 ~~ASTM standards not in conflict with federal environmental protection~~
11 ~~agency standards.))~~ The department of agriculture shall not exceed ASTM
12 standards for diesel.

13 (3) The director may establish a fuel testing laboratory or may
14 contract with a laboratory for testing. The director may also adopt
15 rules on false and misleading advertising, labeling and posting of
16 prices, and the standards for, and identity of, motor fuels. The
17 director shall require fuel pumps offering biodiesel and ethanol blends
18 to be identified by a label stating the percentage of biodiesel or
19 ethanol.

20 NEW SECTION. Sec. 5. A new section is added to chapter 19.112 RCW
21 to read as follows:

22 The director shall establish a biofuels advisory committee to
23 advise the director on implementing or suspending the minimum renewable
24 fuel content requirements. The committee shall advise the director on
25 applicability to all users; logistical, technical, and economic issues
26 of implementation, including the potential for credit trading,
27 compliance and enforcement provisions, and tracking and reporting
28 requirements; and how the use of renewable fuel blends greater than two
29 percent for ethanol could achieve the goals of this act. The director
30 shall make recommendations to the legislature and the governor on the
31 implementation or suspension of this act by September 1, 2007.

32 Sec. 6. RCW 43.19.642 and 2003 c 17 s 2 are each amended to read
33 as follows:

34 (1) All state agencies are encouraged to use a fuel blend of twenty
35 percent biodiesel and eighty percent petroleum diesel for use in
36 diesel-powered vehicles and equipment.

1 (2) Effective June 1, 2006, for agencies complying with the ultra-
2 low sulfur diesel mandate of the United States environmental protection
3 agency for on-highway diesel fuel, agencies shall use biodiesel as an
4 additive to ultra-low sulfur diesel for lubricity, provided that the
5 use of a lubricity additive is warranted and that the use of biodiesel
6 is comparable in performance and cost with other available lubricity
7 additives. The amount of biodiesel added to the ultra-low sulfur
8 diesel fuel shall be not less than two percent.

9 (3) Effective June 1, 2009, all state agencies are required to use
10 a minimum of twenty percent biodiesel as compared to total volume of
11 all diesel purchases made by the agencies for the operation of the
12 agencies' diesel-powered vessels, vehicles, and construction equipment.

13 (4) All state agencies using biodiesel fuel shall, beginning on
14 July 1, 2006, file quarterly reports with the department of general
15 administration documenting any problems encountered with the use of the
16 fuel and a description of how the problems were resolved.

17 NEW SECTION. Sec. 7. A new section is added to chapter 43.19 RCW
18 to read as follows:

19 (1) The department of general administration must assist state
20 agencies seeking to meet the biodiesel fuel mandates in RCW 43.19.642
21 by coordinating the purchase and delivery of biodiesel if requested by
22 any state agency. The department may use long-term contracts of up to
23 ten years to secure a sufficient and stable supply of biodiesel for use
24 by state agencies.

25 (2) The department shall compile and analyze the reports submitted
26 under RCW 43.19.642(4) and report its findings and recommendations to
27 the governor and legislature within thirty days from the end of each
28 reporting period. The governor shall consider these reports in
29 determining whether to temporarily suspend minimum renewable fuel
30 content requirements as authorized under section 8 of this act.

31 NEW SECTION. Sec. 8. A new section is added to chapter 19.112 RCW
32 to read as follows:

33 The governor, by executive order, may suspend all or portions of
34 the minimum renewable fuel content requirements in section 2 or 3 of
35 this act, or both, based on a determination that such requirements are
36 temporarily technically or economically infeasible.

1 NEW SECTION. **Sec. 9.** A new section is added to chapter 19.112 RCW
2 to read as follows:

3 (1) By November 30, 2008, the director shall determine whether the
4 state's diesel fuel supply is comprised of at least ten percent
5 biodiesel made predominantly from Washington feedstock, and whether the
6 goals of section 2 of this act have been achieved.

7 (2) By November 30, 2008, the director shall determine whether the
8 state's gasoline fuel supply is comprised of at least twenty percent
9 ethanol made predominantly from Washington feedstock, without
10 jeopardizing continued attainment of the federal clean air act's
11 national ambient air quality standard for ozone pollution, and whether
12 the goals of section 3 of this act have been achieved.

13 (3) By December 1, 2008, the director shall notify the governor and
14 the legislature of the findings in subsections (1) and (2) of this
15 section.

16 (4) If the findings from the director indicate that the goals of
17 subsections (1) and (2) of this section, or both, have been achieved,
18 then the governor shall issue an executive order declaring that section
19 2 or 3 of this act, or both, are no longer applicable.

20 NEW SECTION. **Sec. 10.** A new section is added to chapter 19.112
21 RCW to read as follows:

22 (1) If either or both of the goals in section 9 of this act are not
23 achieved by November 30, 2008, the director shall monitor the state's
24 diesel and gasoline fuel supply until such time as either or both of
25 the goals are met.

26 (2) The director shall report to the governor and the legislature
27 by November 30th of the year in which a goal is met.

28 (3) Following notification under this section that a goal has been
29 met, the governor shall prepare executive request legislation repealing
30 section 2 or 3 of this act, or both, as applicable.

31 NEW SECTION. **Sec. 11.** A new section is added to chapter 19.112
32 RCW to read as follows:

33 For the purposes of this chapter, "diesel" means special fuel as
34 defined in RCW 82.38.020, and dyed special fuel as defined in 26 C.F.R.
35 Sec. 48.4082-1T as of October 24, 2005.

1 NEW SECTION. **Sec. 12.** A new section is added to chapter 19.112
2 RCW to read as follows:

3 The director of the department of licensing shall establish rules
4 to ensure that information submitted as required by this act can be
5 combined or aggregated for reporting purposes by the department of
6 licensing without releasing identifying individual company
7 information."

8 Correct the title.

EFFECT: Allows six months for special fuel licensees to provide evidence to the Department of Licensing that at least five percent of total annual diesel fuel sales are biodiesel fuel sales when the Director of Agriculture determines that both in-state oil seed crushing capacity and feedstock grown in Washington State can satisfy a three-percent requirement.

Allows six months to meet the new minimum content requirement of 10 percent ethanol by volume.

Clarifies that the Director of Agriculture shall adopt, by rule, standards for motor fuel as well as standards for biodiesel fuel or fuel blended with biodiesel fuel.

Adds credit trading, compliance and enforcement, and tracking and reporting requirements to the responsibilities of the Biofuels Advisory Committee.

Specifies that diesel-powered vessels operated by the state are to contribute to meeting the minimum twenty percent biodiesel fuel content requirement for state agencies.

Specifies that the Director of Agriculture shall determine whether the state's gasoline is comprised of at least twenty percent ethanol made predominantly from Washington feedstock, without jeopardizing continued attainment of the federal Clean Air Act's National Ambient Air Quality Standard for ozone pollution and whether the goals of section 3 of this act have been achieved.

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