

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE SENATE BILL 6508**

59th Legislature  
2006 Regular Session

Passed by the Senate March 6, 2006  
YEAS 29 NAYS 19

---

**President of the Senate**

Passed by the House March 1, 2006  
YEAS 68 NAYS 30

---

**Speaker of the House of Representatives**

Approved

---

**Governor of the State of Washington**

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 6508** as passed by the Senate and the House of Representatives on the dates hereon set forth.

---

**Secretary**

FILED

**Secretary of State  
State of Washington**

---

**ENGROSSED SUBSTITUTE SENATE BILL 6508**

---

AS AMENDED BY THE HOUSE

Passed Legislature - 2006 Regular Session

**State of Washington                      59th Legislature                      2006 Regular Session**

**By** Senate Committee on Water, Energy & Environment (originally sponsored by Senators Rasmussen, Poulsen, Kline, McCaslin, Brown, Oke, Schmidt, Swecker, Finkbeiner and Kohl-Welles; by request of Governor Gregoire)

READ FIRST TIME 02/02/06.

1            AN ACT Relating to developing minimum renewable fuel content  
2 requirements and fuel quality standards; amending RCW 42.56.270,  
3 19.112.060, 19.112.020, 43.19.642, and 19.112.010; adding new sections  
4 to chapter 19.112 RCW; adding a new section to chapter 43.19 RCW;  
5 creating a new section; and providing an effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

1 sufficient for feedstock and fuel providers to prepare for successful  
2 implementation.

3 The legislature intends for consumers to have a choice of fuels and  
4 to encourage and promote the development, availability, and use of a  
5 diversity of renewable fuels and fuel blends ranging from fuels  
6 composed of no renewable content to completely renewable fuels.

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

9 (1) Special fuel licensees under chapter 82.38 RCW, other than  
10 international fuel tax agreement licensees, dyed special fuel users,  
11 and special fuel distributors, shall provide evidence to the department  
12 of licensing that at least two percent of the total annual diesel fuel  
13 sold in Washington is biodiesel fuel, following the earlier of: (a)  
14 November 30, 2008; or (b) when a determination is made by the director,  
15 published in the Washington State Register, that feedstock grown in  
16 Washington state can satisfy a two-percent requirement.

17 (2) Special fuel licensees under chapter 82.38 RCW, other than  
18 international fuel tax agreement licensees, dyed special fuel users,  
19 and special fuel distributors, shall provide evidence to the department  
20 of licensing that at least five percent of total annual diesel fuel  
21 sold in Washington is biodiesel fuel, when the director determines, and  
22 publishes this determination in the Washington State Register, that  
23 both in-state oil seed crushing capacity and feedstock grown in  
24 Washington state can satisfy a three-percent requirement.

25 (3) The requirements of subsections (1) and (2) of this section  
26 shall take effect no sooner than one hundred eighty days after the  
27 determination has been published in the Washington State Register.

28 (4) The director and the director of licensing shall each adopt  
29 rules, in coordination with each other, for enforcing and carrying out  
30 the purposes of this section.

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

33 (1) By December 1, 2008, motor vehicle fuel licensees under chapter  
34 82.36 RCW, other than motor vehicle fuel distributors, shall provide  
35 evidence to the department of licensing that at least two percent of

1 total gasoline sold in Washington, measured on a quarterly basis, is  
2 denatured ethanol.

3 (2) If the director of ecology determines that ethanol content  
4 greater than two percent of the total gasoline sold in Washington will  
5 not jeopardize continued attainment of the federal clean air act's  
6 national ambient air quality standard for ozone pollution in Washington  
7 and the director of agriculture determines and publishes this  
8 determination in the Washington State Register that sufficient raw  
9 materials are available within Washington to support economical  
10 production of ethanol at higher levels, the director of agriculture may  
11 require by rule that licensees provide evidence to the department of  
12 licensing that denatured ethanol comprises between two percent and at  
13 least ten percent of total gasoline sold in Washington, measured on a  
14 quarterly basis.

15 (3) The requirements of subsections (1) and (2) of this section  
16 shall take effect no sooner than one hundred eighty days after the  
17 determination has been published in the Washington State Register.

18 (4) The director and the director of licensing shall each adopt  
19 rules, in coordination with each other, for enforcing and carrying out  
20 the purposes of this section.

21 (5) Nothing in this section is intended to prohibit the production,  
22 sale, or use of motor fuel for use in federally designated flexibly  
23 fueled vehicles capable of using up to eighty-five percent ethanol fuel  
24 blends. Nothing in this section is intended to limit the use of high  
25 octane gasoline not blended with ethanol for use in aircraft.

26 NEW SECTION. **Sec. 4.** A new section is added to chapter 19.112 RCW  
27 to read as follows:

28 The department of licensing shall not publicly release, unless  
29 pursuant to an order of a court of competent jurisdiction, information  
30 submitted as evidence as required by section 2 or 3 of this act, except  
31 information disclosed in aggregate form that does not permit the  
32 identification of information related to individual fuel licensees.

33 **Sec. 5.** RCW 42.56.270 and 2005 c 274 s 407 are each amended to  
34 read as follows:

35 The following financial, commercial, and proprietary information is  
36 exempt from disclosure under this chapter:

1 (1) Valuable formulae, designs, drawings, computer source code or  
2 object code, and research data obtained by any agency within five years  
3 of the request for disclosure when disclosure would produce private  
4 gain and public loss;

5 (2) Financial information supplied by or on behalf of a person,  
6 firm, or corporation for the purpose of qualifying to submit a bid or  
7 proposal for (a) a ferry system construction or repair contract as  
8 required by RCW 47.60.680 through 47.60.750 or (b) highway construction  
9 or improvement as required by RCW 47.28.070;

10 (3) Financial and commercial information and records supplied by  
11 private persons pertaining to export services provided under chapters  
12 43.163 and 53.31 RCW, and by persons pertaining to export projects  
13 under RCW 43.23.035;

14 (4) Financial and commercial information and records supplied by  
15 businesses or individuals during application for loans or program  
16 services provided by chapters 43.163, 43.160, 43.330, and 43.168 RCW,  
17 or during application for economic development loans or program  
18 services provided by any local agency;

19 (5) Financial information, business plans, examination reports, and  
20 any information produced or obtained in evaluating or examining a  
21 business and industrial development corporation organized or seeking  
22 certification under chapter 31.24 RCW;

23 (6) Financial and commercial information supplied to the state  
24 investment board by any person when the information relates to the  
25 investment of public trust or retirement funds and when disclosure  
26 would result in loss to such funds or in private loss to the providers  
27 of this information;

28 (7) Financial and valuable trade information under RCW 51.36.120;

29 (8) Financial, commercial, operations, and technical and research  
30 information and data submitted to or obtained by the clean Washington  
31 center in applications for, or delivery of, program services under  
32 chapter 70.95H RCW;

33 (9) Financial and commercial information requested by the public  
34 stadium authority from any person or organization that leases or uses  
35 the stadium and exhibition center as defined in RCW 36.102.010;

36 (10) Financial information, including but not limited to account  
37 numbers and values, and other identification numbers supplied by or on

1 behalf of a person, firm, corporation, limited liability company,  
2 partnership, or other entity related to an application for a liquor  
3 license, gambling license, or lottery retail license;

4 (11) Proprietary data, trade secrets, or other information that  
5 relates to: (a) A vendor's unique methods of conducting business; (b)  
6 data unique to the product or services of the vendor; or (c)  
7 determining prices or rates to be charged for services, submitted by  
8 any vendor to the department of social and health services for purposes  
9 of the development, acquisition, or implementation of state purchased  
10 health care as defined in RCW 41.05.011; (~~and~~)

11 (12)(a) When supplied to and in the records of the department of  
12 community, trade, and economic development:

13 (i) Financial and proprietary information collected from any person  
14 and provided to the department of community, trade, and economic  
15 development pursuant to RCW 43.330.050(8) and 43.330.080(4); and

16 (ii) Financial or proprietary information collected from any person  
17 and provided to the department of community, trade, and economic  
18 development or the office of the governor in connection with the  
19 siting, recruitment, expansion, retention, or relocation of that  
20 person's business and until a siting decision is made, identifying  
21 information of any person supplying information under this subsection  
22 and the locations being considered for siting, relocation, or expansion  
23 of a business;

24 (b) When developed by the department of community, trade, and  
25 economic development based on information as described in (a)(i) of  
26 this subsection, any work product is not exempt from disclosure;

27 (c) For the purposes of this subsection, "siting decision" means  
28 the decision to acquire or not to acquire a site;

29 (d) If there is no written contact for a period of sixty days to  
30 the department of community, trade, and economic development from a  
31 person connected with siting, recruitment, expansion, retention, or  
32 relocation of that person's business, information described in (a)(ii)  
33 of this subsection will be available to the public under this chapter;  
34 and

35 (13) Financial and commercial information provided as evidence to  
36 the department of licensing as required by section 2 or 3 of this act,  
37 except information disclosed in aggregate form that does not permit the  
38 identification of information related to individual fuel licensees.

1       **Sec. 6.** RCW 19.112.060 and 1990 c 102 s 7 are each amended to read  
2 as follows:

3       (1)(a) Any person who knowingly violates any provision of this  
4 chapter or rules adopted under it is guilty of a misdemeanor and, upon  
5 conviction, shall be punished by a fine of not more than one thousand  
6 dollars or imprisonment for not more than one year, or both.

7       (b) The director shall assess a civil penalty ranging from one  
8 hundred dollars to ten thousand dollars per occurrence, giving due  
9 consideration to the appropriateness of the penalty with respect to the  
10 gravity of the violation, and the history of previous violations.  
11 Civil penalties collected under this chapter shall be deposited into  
12 the motor vehicle fund.

13       (2) The penalties in subsection (1)(a) of this section do not apply  
14 to violations of sections 2 and 3 of this act.

15       NEW SECTION. **Sec. 7.** A new section is added to chapter 19.112 RCW  
16 to read as follows:

17       (1) The director shall adopt rules for maintaining standards for  
18 biodiesel fuel or fuel blended with biodiesel fuel by adopting all or  
19 part of the standards set forth in the Annual Book of ASTM Standards  
20 and supplements, amendments, or revisions thereof, all or part of the  
21 standards set forth in the National Institute of Standards and  
22 Technology (NIST) Handbook 130, Uniform Laws and Regulations in the  
23 areas of legal metrology and engine fuel quality rules, and any  
24 supplements, amendments, or revisions thereof, together with applicable  
25 federal environmental protection agency standards. The rules shall  
26 provide that the biodiesel refiner is responsible for meeting the ASTM  
27 standards required by this act when providing biodiesel fuel into the  
28 distribution system. If a conflict exists between federal  
29 environmental protection agency standards, ASTM standards, or NIST  
30 standards, for purposes of uniformity, federal environmental protection  
31 agency standards shall take precedence over ASTM and NIST standards.  
32 The department of agriculture shall not exceed ASTM standards for  
33 diesel.

34       (2) The rules adopted under subsection (1) of this section shall be  
35 updated to provide for fuel stability standards when national or  
36 international fuel stability standards have been adopted.

1       **Sec. 8.** RCW 19.112.020 and 1990 c 102 s 3 are each amended to read  
2 as follows:

3       (1) This chapter shall be administered by the director or his or  
4 her authorized agent. For the purpose of administering this chapter,  
5 for motor fuel except biodiesel fuel, the standards set forth in the  
6 Annual Book of ASTM Standards and supplements thereto, and revisions  
7 thereof, are adopted, together with applicable federal environmental  
8 protection agency standards. If a conflict exists between federal  
9 environmental protection agency standards, ASTM standards, or state  
10 standards, for purposes of uniformity, federal environmental protection  
11 agency standards shall take precedence over ASTM standards. Any state  
12 standards adopted must be consistent with federal environmental  
13 protection agency standards and ASTM standards not in conflict with  
14 federal environmental protection agency standards.

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

22       (3) The rules adopted under section 7 of this act shall also  
23 provide that the diesel refiner is responsible for meeting the ASTM  
24 standards required by this act when providing diesel fuel into the  
25 distribution system.

26       NEW SECTION. Sec. 9. A new section is added to chapter 19.112 RCW  
27 to read as follows:

28       The director shall establish a biofuels advisory committee to  
29 advise the director on implementing or suspending the minimum renewable  
30 fuel content requirements. The committee shall advise the director on  
31 applicability to all users; logistical, technical, and economic issues  
32 of implementation, including the potential for credit trading,  
33 compliance and enforcement provisions, and tracking and reporting  
34 requirements; and how the use of renewable fuel blends greater than two  
35 percent and renewable fuels other than biodiesel or ethanol could  
36 achieve the goals of chapter ..., Laws of 2006 (this act). In  
37 addition, the committee shall make recommendations to the legislature



1 and governor on the potential to use alternatives to biodiesel, which  
2 are produced from nonpetroleum renewable sources (inclusive of  
3 vegetable oils and animal fats), to meet the minimum renewable fuel  
4 content requirement. The director shall make recommendations to the  
5 legislature and the governor on the implementation or suspension of  
6 chapter . . . , Laws of 2006 (this act) by September 1, 2007.

7 **Sec. 10.** RCW 43.19.642 and 2003 c 17 s 2 are each amended to read  
8 as follows:

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

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

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

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

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

30 The governor, by executive order, may suspend all or portions of  
31 the minimum renewable fuel content requirements in section 2 or 3 of  
32 this act, or RCW 43.19.642, based on a determination that such  
33 requirements are temporarily technically or economically infeasible, or  
34 pose a significant risk to public safety.

1        NEW SECTION.    **Sec. 12.**    A new section is added to chapter 43.19 RCW  
2 to read as follows:

3        (1) The department of general administration must assist state  
4 agencies seeking to meet the biodiesel fuel requirements in RCW  
5 43.19.642 by coordinating the purchase and delivery of biodiesel if  
6 requested by any state agency.    The department may use long-term  
7 contracts of up to ten years, when purchasing from in-state suppliers  
8 who use predominantly in-state feedstock, to secure a sufficient and  
9 stable supply of biodiesel for use by state agencies.

10        (2) The department shall compile and analyze the reports submitted  
11 under RCW 43.19.642(4) and report in an electronic format its findings  
12 and recommendations to the governor and committees of the legislature  
13 with responsibility for energy issues, within sixty days from the end  
14 of each reporting period.    The governor shall consider these reports in  
15 determining whether to temporarily suspend minimum renewable fuel  
16 content requirements as authorized under section 11 of this act.

17        NEW SECTION.    **Sec. 13.**    A new section is added to chapter 19.112  
18 RCW to read as follows:

19        (1) By November 30, 2008, the director shall determine whether the  
20 state's diesel fuel supply is comprised of at least ten percent  
21 biodiesel made predominantly from Washington feedstock.

22        (2) By November 30, 2008, the director shall determine whether the  
23 state's gasoline fuel supply is comprised of at least twenty percent  
24 ethanol made predominantly from Washington feedstock, without  
25 jeopardizing continued attainment of the federal clean air act's  
26 national ambient air quality standard for ozone pollution.

27        (3) By December 1, 2008, the director shall notify the governor and  
28 the legislature of the findings in subsections (1) and (2) of this  
29 section.

30        (4) If the findings from the director indicate that the goals of  
31 subsection (1) or (2) of this section, or both, have been achieved,  
32 then the governor shall issue an executive order declaring that section  
33 2 or 3 of this act, or both, are no longer applicable.

34        NEW SECTION.    **Sec. 14.**    A new section is added to chapter 19.112  
35 RCW to read as follows:

36        (1) If either or both of the goals in section 13 of this act are

1 not achieved by November 30, 2008, the director shall monitor the  
2 state's diesel and gasoline fuel supply until such time as those goals,  
3 or either of them, is met.

4 (2) The director shall report to the governor and the legislature  
5 regarding the goals in section 13 of this act by November 30th of the  
6 year in which a goal is met.

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

10 **Sec. 15.** RCW 19.112.010 and 1991 c 145 s 1 are each amended to  
11 read as follows:

12 ~~((As used in this chapter:))~~ The definitions in this section apply  
13 throughout this chapter unless the context clearly requires otherwise.

14 (1) "Biodiesel fuel" means the monoalkyl esters of long chain fatty  
15 acids derived from plant or animal matter that meet the registration  
16 requirements for fuels and fuel additives established by the federal  
17 environmental protection agency and standards established by the  
18 American society of testing and materials.

19 (2) "Diesel" means special fuel as defined in RCW 82.38.020, and  
20 diesel fuel dyed in accordance with the regulations in 26 C.F.R. Sec.  
21 48.4082-1T as of October 24, 2005.

22 (3) "Director" means the director of agriculture.

23 (4) "Motor fuel" means any liquid product used for the generation  
24 of power in an internal combustion engine used for the propulsion of a  
25 motor vehicle upon the highways of this state, and any biodiesel fuel.  
26 Motor fuels containing ethanol may be marketed if either (a) the base  
27 motor fuel meets the applicable standards before the addition of the  
28 ethanol or (b) the resultant blend meets the applicable standards after  
29 the addition of the ethanol.

30 ~~((2) "Director" means the director of agriculture.))~~

31 NEW SECTION. **Sec. 16.** This act takes effect July 1, 2006.

32 NEW SECTION. **Sec. 17.** If any provision of this act or its  
33 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other  
2 persons or circumstances is not affected.

--- END ---