

2SHB 1303 - H AMD 225

By Representative Dickerson

ADOPTED 03/10/2007

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

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that excessive
4 dependence on fossil fuels jeopardizes Washington's economic security,
5 environmental integrity, and public health. Accelerated development
6 and use of clean fuels and clean vehicle technologies will reduce the
7 drain on Washington's economy from importing fossil fuels. As fossil
8 fuel prices rise, clean fuels and vehicles can save money for consumers
9 while promoting the development of a major, sustainable industry that
10 provides good jobs and a new source of rural prosperity.

11 (2) Clean fuels and vehicles will protect public health by reducing
12 toxic air pollution and reduce our largest source of global warming
13 pollution. The state must better understand and prepare for the
14 effects of global warming and the challenges and opportunities
15 associated with evolving climate policies and carbon markets.

16 (3) To reduce fossil fuel dependence and build our clean energy
17 economy, the state should develop policies and incentives that help
18 businesses, consumers, and farmers gain greater access to affordable
19 clean fuels and vehicles and to produce clean fuels in the state.
20 These policies and incentives should include: Incentives for
21 replacement of the most polluting diesel engines, especially in school
22 buses; transitional incentives for development of the most promising
23 in-state clean fuels and fuel feedstocks, including biodiesel crops,
24 ethanol from plant waste, and liquid natural gas from landfill or
25 wastewater treatment gases; reduced fossil fuel consumption by state
26 fleets; development of promising new technologies for displacing
27 petroleum with electricity, such as "plug-in hybrids"; and impact
28 analysis and emission accounting procedures that prepare Washington to
29 respond and prosper as global warming impacts occur and as policies and
30 markets to reduce global warming pollution are developed.

1 **PART 1**

2 **INVESTING IN CLEAN AIR**

3 NEW SECTION. **Sec. 101.** (1) The legislature finds that fine
4 particle air pollution attributable to diesel fuel is a significant
5 health hazard to school children and other residents in our state.
6 Sources of diesel emissions include diesel-powered trucks, buses and
7 cars, diesel-powered marine vessels, construction equipment, trains,
8 aircraft support equipment, cargo handling equipment, and a variety of
9 other on and off-road engines. Reducing fine particles and toxic
10 emissions from diesel emissions and other sources of pollution reduces
11 the adverse health impacts on children, reduces cancer risk, and
12 reduces the incidence and severity of asthma attacks and chronic
13 bronchitis. Reducing diesel emissions, in addition to strategies to
14 reduce wood smoke, will also aid areas of the state facing potential
15 nonattainment of new fine particle standards established by the United
16 States environmental protection agency and help avoid the adverse
17 health and economic impacts of nonattainment.

18 (2) Under the current Washington state clean school bus program,
19 approximately seven thousand five hundred diesel school buses, over
20 three-quarters of the existing fleet statewide, will be retrofitted by
21 2008. Reduced exhaust emissions from these retrofitted buses provide
22 cleaner air to breathe for the children riding the buses and the
23 citizens in the communities served by the buses.

24 (3) The legislature finds that it is not cost-effective to retrofit
25 much older buses because of their mechanical condition and very high
26 emissions. Replacement with new, ultra-low emission buses, beginning
27 with the model year 2007, is the most effective means to nearly
28 eliminate the toxic emissions generated by the use of these older
29 buses. In addition, newer buses are safer, more reliable, provide
30 significantly higher fuel economy, and have lower overall operating
31 costs. An incentive program to accelerate purchase of newer buses and
32 replacement of older buses will more quickly achieve these gains and
33 result in a lower health risk to children.

34 (4) Even with new federal diesel fuel and engine standards going
35 into effect in 2006 and 2007, and due to the long life of diesel
36 engines, diesel emissions will continue to be an air pollution concern
37 for many years.

1 (5) Many public and private fleets continue to use diesel equipment
2 that has not been retrofitted to reduce emissions. Therefore, the
3 legislature finds that it is important to continue to take measures to
4 reduce diesel emissions in our state so we protect the health of our
5 citizens and create healthier communities. Reducing diesel emissions
6 will also allow continued growth in major ports in the state by
7 maintaining air quality within federal standards.

8 NEW SECTION. **Sec. 102.** A new section is added to chapter 28A.300
9 RCW to read as follows:

10 (1) The office of the superintendent of public instruction shall
11 implement a school bus replacement incentive program. As part of the
12 program, the office shall fund up to ten percent of the cost of a new
13 2007 or later model year school bus that meets the 2007 federal motor
14 vehicle emission control standards and is purchased by a school
15 district by no later than June 30, 2009, provided that the new bus is
16 replacing a 1994 or older school bus in the school district's fleet.
17 Replacement of the oldest buses must be given highest priority.

18 (2) The office of the superintendent of public instruction shall
19 ensure that buses being replaced through this program are surplused
20 under RCW 28A.335.180. As part of the surplus process, school
21 districts must provide written documentation to the office of the
22 superintendent of public instruction demonstrating that buses being
23 replaced are scrapped and not purchased for road use. The
24 documentation must include bus make, model, year, vehicle
25 identification number, engine make, engine serial number, and salvage
26 yard receipts; and must demonstrate that the engine and body of the bus
27 being replaced has been rendered unusable.

28 **Sec. 103.** RCW 70.94.017 and 2005 c 295 s 5 are each amended to
29 read as follows:

30 (1) Money deposited in the segregated subaccount of the air
31 pollution control account under RCW 46.68.020(2) shall be distributed
32 as follows:

33 (a) Eighty-five percent shall be distributed to air pollution
34 control authorities created under this chapter. The money must be
35 distributed in direct proportion with the amount of fees imposed under
36 RCW 46.12.080, 46.12.170, and 46.12.181 that are collected within the

1 boundaries of each authority. However, an amount in direct proportion
2 with those fees collected in counties for which no air pollution
3 control authority exists must be distributed to the department.

4 (b) The remaining fifteen percent shall be distributed to the
5 department.

6 (2) Money distributed to air pollution control authorities and the
7 department under subsection (1) of this section must be used as
8 follows:

9 (a) Eighty-five percent of the money received by an air pollution
10 control authority or the department is available on a priority basis to
11 retrofit school buses with exhaust emission control devices or to
12 provide funding for fueling infrastructure necessary to allow school
13 bus fleets to use alternative, cleaner fuels. In addition, the
14 director of ecology or the air pollution control officer may direct
15 funding under this section for other publicly or privately owned diesel
16 equipment if the director of ecology or the air pollution control
17 officer finds that funding for other publicly or privately owned diesel
18 equipment will provide public health benefits and further the purposes
19 of this chapter.

20 (b) The remaining fifteen percent may be used by the air pollution
21 control authority or department to reduce transportation-related air
22 contaminant emissions and clean up air pollution, or reduce and monitor
23 toxic air contaminants.

24 (3) Money in the air pollution control account may be spent by the
25 department only after appropriation.

26 (4) This section expires July 1, 2020.

27 **Sec. 104.** RCW 53.08.040 and 1989 c 298 s 1 are each amended to
28 read as follows:

29 (1) A district may improve its lands by dredging, filling,
30 bulkheading, providing waterways or otherwise developing such lands for
31 industrial and commercial purposes. A district may also acquire,
32 construct, install, improve, and operate sewer and water utilities to
33 serve its own property and other property owners under terms,
34 conditions, and rates to be fixed and approved by the port commission.
35 A district may also acquire, by purchase, construction, lease, or in
36 any other manner, and may maintain and operate other facilities for the
37 control or elimination of air, water, or other pollution, including,

1 but not limited to, facilities for the treatment and/or disposal of
2 industrial wastes, and may make such facilities available to others
3 under terms, conditions and rates to be fixed and approved by the port
4 commission. Such conditions and rates shall be sufficient to reimburse
5 the port for all costs, including reasonable amortization of capital
6 outlays caused by or incidental to providing such other pollution
7 control facilities(~~(: PROVIDED, That)~~). However, no part of such
8 costs of providing any pollution control facility to others shall be
9 paid out of any tax revenues of the port(~~(: AND PROVIDED FURTHER,~~
10 ~~That)~~) and no port shall enter into an agreement or contract to provide
11 sewer and/or water utilities or pollution control facilities if
12 substantially similar utilities or facilities are available from
13 another source (or sources) which is able and willing to provide such
14 utilities or facilities on a reasonable and nondiscriminatory basis
15 unless such other source (or sources) consents thereto.

16 (2) In the event that a port elects to make such other pollution
17 control facilities available to others, it shall do so by lease, lease
18 purchase agreement, or other agreement binding such user to pay for the
19 use of said facilities for the full term of the revenue bonds issued by
20 the port for the acquisition of said facilities, and said payments
21 shall at least fully reimburse the port for all principal and interest
22 paid by it on said bonds and for all operating or other costs, if any,
23 incurred by the port in connection with said facilities(~~(: PROVIDED,~~
24 ~~That)~~). However, (~~That~~) where there is more than one user of
25 any such facilities, each user shall be responsible for its pro rata
26 share of such costs and payment of principal and interest. Any port
27 intending to provide pollution control facilities to others shall first
28 survey the port district to ascertain the potential users of such
29 facilities and the extent of their needs. The port shall conduct a
30 public hearing upon the proposal and shall give each potential user an
31 opportunity to participate in the use of such facilities upon equal
32 terms and conditions.

33 (3) "Pollution control facility," as used in this section and RCW
34 53.08.041, does not include air quality improvement equipment that
35 provides emission reductions for engines, vehicles, and vessels.

36 **PART 2**
37 **PUBLIC SECTOR FUEL USE**

1 NEW SECTION. **Sec. 201.** (1) The legislature finds that it is in
2 the state's interest and to the benefit of the people of the state to
3 encourage the use of electrical vehicle technology that will reduce
4 fossil fuel dependence and toxic air pollution. Displacing petroleum
5 with electricity will keep more energy expenditures and jobs in
6 Washington's economy instead of being lost to fossil fuel imports.

7 (2) Motor vehicles produce more than half of the global warming
8 pollution in the state of Washington. Reducing the use of fossil fuels
9 through alternatives such as electrification is one of the most
10 practical, beneficial climate solutions available to the state and its
11 citizens.

12 (3) The legislature finds that cleaner fuels and vehicles,
13 including vehicles that use electricity, can help the state achieve
14 better public health, increased energy security, and substantial
15 economic benefits.

16 (4) The legislature finds that there is a compelling public
17 interest in reducing fossil fuel dependence and emissions of global
18 warming pollution. It is important for the state of Washington to
19 demonstrate leadership in this regard and achieve reductions in the use
20 of fossil fuels by state fleets.

21 **Sec. 202.** RCW 43.19.642 and 2006 c 338 s 10 are each amended to
22 read as follows:

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

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

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

1 (4)(a) Effective June 1, 2015, all state agencies and local
2 government subdivisions of the state, to the extent determined
3 practicable by the energy freedom coordinator created in section 303 of
4 this act, are required to satisfy one hundred percent of their fuel
5 needs for operating publicly owned vessels, vehicles, and construction
6 equipment from electricity or biofuel certified by the energy freedom
7 coordinator.

8 (b) If, on or after June 1, 2015, the energy freedom coordinator
9 finds that it is not practicable for all units of state and local
10 government to satisfy their complete fuel needs from electricity or
11 biofuel, the energy freedom coordinator may determine the minimum
12 percentage of biofuel that must be included in a state or local
13 agency's purchasing, the date of compliance with the one hundred
14 percent biofuel mandate, and any other conditions on an agency's fuel
15 purchasing schedule deemed necessary by the energy freedom coordinator
16 for the successful satisfaction of the one hundred percent biofuel
17 mandate.

18 (5) All state agencies using biodiesel fuel shall, beginning on
19 July 1, 2006, file quarterly reports with the department of general
20 administration documenting the use of the fuel and a description of how
21 any problems encountered were resolved.

22 NEW SECTION. Sec. 203. A new section is added to chapter 43.19
23 RCW to read as follows:

24 (1) By no later than January 1, 2020, the annual fossil fuel usage
25 by the state must be at least twenty-five percent below the annual
26 usage for the year 2006.

27 (2) Except for cars owned or operated by the Washington state
28 patrol, when tires on vehicles in the state's motor vehicle fleet are
29 replaced, they must be replaced with tires that have the same or better
30 rolling resistance as the original tires.

31 (3) All state agencies shall report to the energy freedom
32 coordinator created in section 303 of this act at the beginning of each
33 biennium until January 1, 2020, on progress towards meeting the goals
34 in this section and any barriers to achieving the goals.

35 NEW SECTION. Sec. 204. A new section is added to chapter 43.19
36 RCW to read as follows:

1 (1) In order to allow the motor vehicle fuel needs of state and
2 local government to be satisfied by Washington-produced biofuels as
3 provided in RCW 43.19.642, the department of general administration may
4 contract in advance and execute contracts with public or private
5 producers, suppliers, or other parties, for the purchase of biofuels,
6 as that term is defined in RCW 15.110.010 (as recodified by this act).
7 Contract provisions may address items including, but not limited to,
8 fuel standards, price, and delivery date.

9 (2) The department of general administration may combine the needs
10 of local government agencies, including ports, special districts,
11 school districts, and municipal corporations, for the purposes of
12 executing contracts for biofuels and to secure a sufficient and stable
13 supply of alternative fuels.

14 NEW SECTION. **Sec. 205.** A new section is added to chapter 43.01
15 RCW to read as follows:

16 (1) It is in the state's interest and to the benefit of the people
17 of the state to encourage the use of electrical vehicles in order to
18 reduce emissions and provide the public with cleaner air. This section
19 expressly authorizes the purchase of power at state expense to recharge
20 privately and publicly owned plug-in electrical vehicles at state
21 office locations where the vehicles are used for state business, are
22 commute vehicles, or where the vehicles are at the state location for
23 the purpose of conducting business with the state.

24 (2) The director of the department of general administration shall
25 provide reports to the governor and the appropriate committees of the
26 legislature, as deemed necessary by the director, on the estimated
27 amount of state-purchased electricity consumed by plug-in electrical
28 vehicles if the director of general administration determines that the
29 use has a significant cost to the state, and on the number of plug-in
30 electric vehicles using state office locations.

31 NEW SECTION. **Sec. 206.** A new section is added to chapter 89.08
32 RCW to read as follows:

33 In addition to any other authority provided by law, conservation
34 districts are authorized to enter into crop purchase contracts for a
35 dedicated energy crop for the purposes of producing, selling, and

1 distributing biodiesel produced from Washington state feedstocks,
2 cellulosic ethanol, and cellulosic ethanol blend fuels.

3 NEW SECTION. **Sec. 207.** A new section is added to chapter 35.21
4 RCW to read as follows:

5 In addition to any other authority provided by law, public
6 development authorities are authorized to enter into crop purchase
7 contracts for a dedicated energy crop for the purposes of producing,
8 selling, and distributing biodiesel produced from Washington state
9 feedstocks, cellulosic ethanol, and cellulosic ethanol blend fuels.

10 NEW SECTION. **Sec. 208.** A new section is added to chapter 35.92
11 RCW to read as follows:

12 In addition to any other authority provided by law, municipal
13 utilities are authorized to produce and distribute biodiesel, ethanol,
14 and ethanol blend fuels, including entering into crop purchase
15 contracts for a dedicated energy crop for the purpose of generating
16 electricity or producing biodiesel produced from Washington feedstocks,
17 cellulosic ethanol, and cellulosic ethanol blend fuels for use in
18 internal operations of the electric utility and for sale or
19 distribution.

20 NEW SECTION. **Sec. 209.** A new section is added to chapter 54.04
21 RCW to read as follows:

22 In addition to any other authority provided by law, public utility
23 districts are authorized to produce and distribute biodiesel, ethanol,
24 and ethanol blend fuels, including entering into crop purchase
25 contracts for a dedicated energy crop for the purpose of generating
26 electricity or producing biodiesel produced from Washington feedstocks,
27 cellulosic ethanol, and cellulosic ethanol blend fuels for use in
28 internal operations of the electric utility and for sale or
29 distribution.

30 **PART 3**

31 **ENERGY FREEDOM AUTHORITY**

32 NEW SECTION. **Sec. 301.** (1) The legislature finds that the
33 development of a Washington-based feedstock agricultural and forest

1 products market is highly desirable for producing biodiesel and
2 ethanol. Research and incentive programs are needed to develop a
3 market in Washington to produce cellulosic ethanol from wood waste and
4 other organic materials. Cellulosic ethanol is a preferred biofuel
5 because it provides much greater reductions in petroleum dependence and
6 carbon emissions as compared to starch-based ethanol.

7 (2) The legislature further finds that the development of a market
8 for renewable liquid natural gas fuel products made from Washington-
9 based feedstock waste biogases is highly desirable to meet Washington's
10 clean fuel needs.

11 (3) It is important for the state of Washington to develop a
12 complete supply chain infrastructure that allows the state government,
13 including its local government subdivisions, to supply its complete
14 fuel needs with biofuels produced from feedstocks completely produced
15 in Washington. The goal of suppling one hundred percent of state and
16 local government's fuel needs with biofuels should be a reality by
17 2015.

18 **Sec. 302.** RCW 15.110.010 and 2006 c 171 s 2 are each amended to
19 read as follows:

20 The definitions in this section apply throughout this chapter
21 unless the context clearly requires otherwise.

22 (1) "Applicant" means any political subdivision of the state,
23 including port districts, counties, cities, towns, special purpose
24 districts, and other municipal corporations or quasi-municipal
25 corporations. "Applicant" may also include federally recognized tribes
26 and state institutions of higher education with appropriate research
27 capabilities.

28 (2) "Assistance" includes loans, leases, product purchases, or
29 other forms of financial or technical assistance.

30 (3) "Biofuel" includes, but is not limited to, biodiesel, ethanol,
31 and ethanol blend fuels that are made from recycled products,
32 Washington feedstocks, and renewable liquid natural gas or liquid
33 compressed natural gas made from biogas.

34 (4) "Biogas" includes waste gases derived from landfills and
35 wastewater treatment plants and dairy and farm wastes.

36 (5) "Cellulosic ethanol" means ethanol derived from any
37 lignocellulosic or hemicellulosic matter that is available on a

1 renewable or recurring basis, including dedicated energy crops and
2 trees, wood and wood residues, plants, grasses, agricultural residues,
3 fibers, animal wastes and other waste materials, and municipal solid
4 waste.

5 (6) "Coordinator" means the energy freedom coordinator created in
6 section 303 of this act.

7 (7) "Department" means the department of ((agriculture)) community,
8 trade, and economic development.

9 ~~((4)) "Director" means the director of the department of~~
10 ~~agriculture.~~

11 ~~(5))~~ (8) "Green highway zone" means an area in the state
12 designated by the department that is within reasonable proximity of
13 state route number 5, state route number 90, and state route number 82.

14 (9) "Peer review committee" means a board, appointed by the
15 ((director)) coordinator, that includes bioenergy specialists, energy
16 conservation specialists, scientists, and individuals with specific
17 recognized expertise.

18 ~~((6))~~ (10) "Project" means the construction of facilities,
19 including the purchase of equipment, to convert farm products or wastes
20 into electricity or gaseous or liquid fuels or other coproducts
21 associated with such conversion. These specifically include fixed or
22 mobile facilities to generate electricity or methane from the anaerobic
23 digestion of organic matter, and fixed or mobile facilities for
24 extracting oils from canola, rape, mustard, and other oilseeds.
25 "Project" may also include the construction of facilities associated
26 with such conversion for the distribution and storage of such
27 feedstocks and fuels.

28 ~~((7))~~ (11) "Refueling project" means the construction of new
29 alternative fuel refueling facilities, as well as upgrades and
30 expansion of existing refueling facilities, that will enable these
31 facilities to offer alternative fuels to the public.

32 (12) "Research and development project" means research and
33 development, by an institution of higher education as defined in
34 subsection (1) of this section, relating to:

35 (a) Bioenergy sources including but not limited to biomass and
36 associated gases; or

37 (b) The development of markets for bioenergy coproducts.

1 NEW SECTION. **Sec. 303.** (1) The energy freedom authority, together
2 with the position of the energy freedom coordinator, is created within
3 the department.

4 (2) The coordinator is responsible for:

5 (a) Managing and directing the energy freedom authority;

6 (b) Inventorying and coordinating all state efforts to develop,
7 encourage, or mandate a biofuels market in Washington;

8 (c) Developing, coordinating, and overseeing the implementation of
9 a plan, or series of plans, for the development of a complete supply
10 chain that allows for the production, transport, distribution, and
11 delivery to public sector end users of biofuels produced exclusively
12 from recycled products or Washington feedstocks;

13 (d) Certifying that biofuels produced for use by state and local
14 government in Washington is produced exclusively from recycled products
15 or Washington feedstocks;

16 (e) Judging the practicability of the one hundred percent biofuels
17 mandate in RCW 43.19.642;

18 (f) Working with the departments of transportation and general
19 administration, or other applicable state and local governmental
20 entities, to develop biofuel fueling stations for use by state and
21 local motor vehicle fleets;

22 (g) Using any appropriations specifically provided for the purposes
23 of this subsection to provide greater access to public sector fueling
24 capacity for biofuels; and

25 (h) Working with the department of general administration, in
26 conjunction with private sector suppliers, to develop a pilot program
27 for providing E85 fueling capacity at appropriate intervals and
28 locations along at least interstate routes 5, 82, and 90 throughout the
29 state for the use of public and private vehicles.

30 **Sec. 304.** RCW 15.110.020 and 2006 c 171 s 3 are each amended to
31 read as follows:

32 (1) The energy freedom program is established within the
33 department, to be administered by the energy freedom authority created
34 in section 303 of this act. The (~~director~~) coordinator may establish
35 policies and procedures necessary for processing, reviewing, and
36 approving applications made under this chapter.

1 (2) When reviewing applications submitted under this program, the
2 (~~director~~) coordinator shall consult with those agencies and other
3 public entities having expertise and knowledge to assess the technical
4 and business feasibility of the project and probability of success.
5 These agencies may include, but are not limited to, the department,
6 Washington State University, the University of Washington, the
7 department of ecology, (~~the department of community, trade, and~~
8 ~~economic development,~~) the department of natural resources, the
9 department of agriculture, the department of general administration,
10 local clean air authorities, and the Washington state conservation
11 commission.

12 (3) Except as provided in subsection (5) of this section, the
13 (~~director~~) coordinator, in cooperation with the department (~~of~~
14 ~~community, trade, and economic development~~), may approve an
15 application only if the (~~director~~) coordinator finds:

16 (a) The project will convert farm products or wastes, including
17 biogas, directly into electricity or (~~into gaseous or liquid fuels~~)
18 biofuel or other coproducts associated with such conversion;

19 (b) The project demonstrates technical feasibility and directly
20 assists in moving a commercially viable project into the marketplace
21 for use by Washington state citizens;

22 (c) The facility will produce long-term economic benefits to the
23 state, a region of the state, or a particular community in the state;

24 (d) The project does not require continuing state support;

25 (e) The assistance will result in new jobs, job retention, or
26 higher incomes for citizens of the state;

27 (f) The state is provided an option under the assistance agreement
28 to purchase a portion of the fuel or feedstock to be produced by the
29 project, exercisable by the department of general administration;

30 (g) The project will increase energy independence or diversity for
31 the state;

32 (h) The project will use feedstocks produced in the state, if
33 feasible, except this criterion does not apply to the construction of
34 facilities used to distribute and store fuels that are produced from
35 farm products or wastes;

36 (i) Any product produced by the project will be suitable for its
37 intended use, will meet accepted national or state standards, and will
38 be stored and distributed in a safe and environmentally sound manner;

1 (j) The application provides for adequate reporting or disclosure
2 of financial and employment data to the (~~director~~) coordinator, and
3 permits the (~~director~~) coordinator to require an annual or other
4 periodic audit of the project books; and

5 (k) For research and development projects, the application has been
6 independently reviewed by a peer review committee as defined in RCW
7 15.110.010 (as recodified by this act) and the findings delivered to
8 the (~~director~~) coordinator.

9 (4) Cellulosic ethanol production facilities and biogas-to-biofuel
10 production facilities are eligible for assistance under the energy
11 freedom program.

12 (5) When reviewing an application for a refueling project, the
13 coordinator may award a grant or a loan to an applicant if the director
14 finds:

15 (a) The project will offer alternative fuels to the motoring
16 public;

17 (b) The project does not require continued state support;

18 (c) The project is located within a green highway zone as defined
19 in RCW 15.110.010 (as recodified by this act);

20 (d) The project will contribute towards an efficient and adequately
21 spaced alternative fuel refueling network along the green highways
22 designated in RCW 47.17.020, 47.17.135, and 47.17.140; and

23 (e) The project will result in increased access to alternative
24 fueling infrastructure for the motoring public along the green highways
25 designated in RCW 47.17.020, 47.17.135, and 47.17.140.

26 (6)(a) The (~~director~~) coordinator may approve (~~an~~) a project
27 application for assistance under subsection (3) of this section up to
28 five million dollars. In no circumstances shall this assistance
29 constitute more than fifty percent of the total project cost.

30 (~~(5)~~) (b) The director may approve a refueling project
31 application for a grant or a loan under subsection (5) of this section
32 up to fifty thousand dollars. In no circumstances shall a grant or a
33 loan award constitute more than fifty percent of the total project
34 cost.

35 (7) The (~~director~~) coordinator shall enter into agreements with
36 approved applicants to fix the terms and rates of the assistance to
37 minimize the costs to the applicants, and to encourage establishment of
38 a viable bioenergy or biofuel industry. The agreement shall include

1 provisions to protect the state's investment, including a requirement
2 that a successful applicant enter into contracts with any partners that
3 may be involved in the use of any assistance provided under this
4 program, including services, facilities, infrastructure, or equipment.
5 Contracts with any partners shall become part of the application
6 record.

7 ~~((6))~~ (8) The ~~((director))~~ coordinator may defer any payments for
8 up to twenty-four months or until the project starts to receive revenue
9 from operations, whichever is sooner.

10 **Sec. 305.** RCW 15.110.030 and 2006 c 171 s 4 are each amended to
11 read as follows:

12 (1) Upon written notice to the recipient of any assistance under
13 this program, the ~~((director))~~ coordinator may suspend or cancel the
14 assistance if any of the following occur:

15 (a) The recipient fails to make satisfactory and reasonable
16 progress to complete the project, or the ~~((director))~~ coordinator
17 concludes the recipient will be unable to complete the project or any
18 portion of it; or

19 (b) The recipient has made misrepresentations in any information
20 furnished to the ~~((director))~~ coordinator in connection with the
21 project.

22 (2) In the event that any assistance has been awarded to the
23 recipient under this program at the time of breach, or failure of the
24 recipient to satisfactorily perform, the ~~((director))~~ coordinator may
25 require that the full amount or value of the assistance, or a portion
26 thereof, be repaid within a period specified by the ~~((director))~~
27 coordinator.

28 **Sec. 306.** RCW 15.110.040 and 2006 c 171 s 5 are each amended to
29 read as follows:

30 (1) If the total requested dollar amount of assistance awarded for
31 projects under RCW 15.110.020(3) (as recodified by this act) exceeds
32 the amount available in the energy freedom account created in RCW
33 15.110.050 (as recodified by this act), the applications must be
34 prioritized based upon the following criteria:

35 ~~((1))~~ (a) The extent to which the project will help reduce

1 dependence on petroleum fuels and imported energy either directly or
2 indirectly;

3 ~~((+2))~~ (b) The extent to which the project will reduce air and
4 water pollution either directly or indirectly;

5 ~~((+3))~~ (c) The extent to which the project will establish a viable
6 bioenergy or biofuel production capacity in Washington;

7 ~~((+4))~~ (d) The benefits to Washington's agricultural producers;
8 ~~((and~~

9 ~~+5))~~ (e) The benefits to the health of Washington's forests;

10 (f) The beneficial uses of biogas; and

11 (g) The number and quality of jobs and economic benefits created by
12 the project.

13 (2) This section does not apply to grants or loans awarded for
14 refueling projects under RCW 15.110.020(4) (as recodified by this act).

15 NEW SECTION. Sec. 307. (1) If the total requested dollar amount
16 of funds for refueling projects under RCW 15.110.020(5) (as recodified
17 by this act) exceeds the amount available for refueling projects in the
18 energy freedom account created in RCW 15.110.050 (as recodified by this
19 act), the applications must be prioritized based upon the following
20 criteria:

21 (a) The extent to which the project will help reduce dependence on
22 petroleum fuels and imported energy either directly or indirectly;

23 (b) The extent to which the project will reduce air and water
24 pollution either directly or indirectly;

25 (c) The extent to which the project will establish a viable
26 bioenergy production capacity in Washington;

27 (d) The extent to which the project will make biofuels more
28 accessible to the motoring public;

29 (e) The benefits to Washington's agricultural producers; and

30 (f) The number and quality of jobs and economic benefits created by
31 the project.

32 (2) This section does not apply to assistance awarded for projects
33 under RCW 15.110.020(3) (as recodified by this act).

34 **Sec. 308.** RCW 15.110.050 and 2006 c 371 s 223 are each amended to
35 read as follows:

36 (1) The energy freedom account is created in the state treasury.

1 All receipts from appropriations made to the account and any loan
2 payments of principal and interest derived from loans made under this
3 chapter must be deposited into the account. Moneys in the account may
4 be spent only after appropriation. Expenditures from the account may
5 be used only for assistance for projects consistent with this chapter
6 or otherwise authorized by the legislature. (~~Administrative costs of~~
7 ~~the department may not exceed three percent of the total funds~~
8 ~~available for this program.~~)

9 (2) The following goals and criteria should be considered in
10 evaluating potential biofuel incentives to be offered by the energy
11 freedom account: To assist Washington farmers and businesses in the
12 development of economically viable, sustained instate biofuel and
13 biofuel feedstock production; to leverage and encourage private
14 investment in biofuel and biofuel feedstock production; and to assist
15 in the development of biofuel feedstocks and production techniques that
16 deliver the greatest net reductions in petroleum dependence and carbon
17 emissions.

18 (3) Any state agency receiving funding from the energy freedom
19 account is prohibited from retaining greater than three percent of any
20 funding provided from the energy freedom account for administrative
21 overhead or other deductions not directly associated with conducting
22 the research, projects, or other end products that the funding is
23 designed to produce.

24 (4) Any university, institute, or other entity that is not a state
25 agency receiving funding from the energy freedom account is prohibited
26 from retaining greater than fifteen percent of any funding provided
27 from the energy freedom account for administrative overhead or other
28 deductions not directly associated with conducting the research,
29 projects, or other end products that the funding is designed to
30 produce.

31 **Sec. 309.** RCW 15.110.060 and 2006 c 171 s 7 are each amended to
32 read as follows:

33 The (~~director~~) coordinator shall report to the legislature and
34 governor on the status of the energy freedom program created under this
35 chapter, on or before December 1, 2006, and annually thereafter. This
36 report must include information on the projects that have been funded,

1 the status of these projects, and their environmental, energy savings,
2 and job creation benefits as well as an assessment of the availability
3 of alternative fuels in the state.

4 **PART 4**

5 **PLANNING FOR THE FUTURE**

6 NEW SECTION. **Sec. 401.** (1) The legislature finds that climate
7 change is expected to have significant impacts in the Pacific Northwest
8 region in the near and long-term future. These impacts include, among
9 other things, increased temperatures, declining snowpack, more frequent
10 heavy rainfall and flooding, receding glaciers, rising sea levels,
11 increased risks to public health due to insect and rodent-borne
12 diseases, declining salmon populations, and increased drought and risk
13 of forest fires.

14 (2) The legislature recognizes the need at this time to continue to
15 gather and analyze information related to climate protection. This
16 will allow prudent steps to be taken to avoid, mitigate, or respond to
17 climate impacts and protect our communities.

18 (3) The analysis of the health impacts of climate protection is
19 needed to help prepare the state for and avoid health impacts such as
20 West Nile virus and respiratory disease. At the same time, this
21 analysis will contribute to our strategic thinking and planning for the
22 impacts of climate change.

23 (4) The legislature finds that it is important for the state of
24 Washington to participate in emerging regional, national, and
25 international markets to mitigate climate change. The state has a
26 strong interest in ensuring that climate policies and emission markets
27 are designed to appropriately recognize our unique energy assets.
28 Further, the legislature recognizes that any market system related to
29 climate protection must be based on credible and durable accounting
30 principles and have equally applicable rules across sectors in order to
31 promote economically and environmentally effective trading.

32 NEW SECTION. **Sec. 402.** (1) The vehicle electrification work group
33 is established. Members of the group must be appointed by the governor
34 or the governor's designee and must include representatives of state
35 and local government agencies, ports, private and public electrical

1 power utilities, automobile manufacturers, trucking industry interests,
2 environmental interests, regional air quality agencies, and other
3 stakeholder groups. Staff for the work group must be provided by the
4 department of community, trade, and economic development, with
5 additional staff to be provided by other state agencies, as may be
6 required or requested.

7 (2) The vehicle electrification work group shall review, study,
8 evaluate, and make recommendations on at least the following items:

9 (a) Use by the state of plug-in hybrid vehicles and developing
10 plug-in availability at state locations;

11 (b) Incentives to encourage the use of plug-in truck auxiliary
12 power units and truck stop electrification;

13 (c) Use of plug-in shore power for cargo and cruise ship terminals,
14 shipside technology, and use of electric power alternatives for port-
15 related operations and equipment such as switching locomotives, vessels
16 and harborcraft, and cargo-handling equipment;

17 (d) Potential uses for and availability of plug-in hybrid school
18 buses;

19 (e) Potential environmental and electrical grid impacts on
20 electrical power consumption of the conversion of a meaningful portion
21 of the state's private and public fleet to plug-in electrical power;

22 (f) Tax and fee incentives to encourage individual and fleet
23 purchases of plug-in hybrid vehicles;

24 (g) State laws, rules, tariffs, and policies that impact
25 transportation electrification and plug-in adoption, including pricing
26 with incentives for off-peak charging;

27 (h) Measures to encourage the use of plug-in vehicles by public
28 fleets, and resulting cost savings, and whether state and local fleets
29 should be required to purchase plug-in hybrid vehicles if it is
30 determined that plug-in hybrid vehicles are commercially available at
31 a reasonably comparable life-cycle cost;

32 (i) Explore the potential for the use of electrification of fixed
33 transit routes for magnetic levitation propulsion systems;

34 (j) Actions by the state to help industries located in the state
35 participate in developing and manufacturing plug-in vehicles and
36 vehicle-to-grid technologies;

37 (k) Additional ways the state can promote transportation

1 electrification in the private and public sectors, including cars and
2 light-duty vehicles, and truck stop and port electrification; and

3 (1) Potential partners for vehicle-to-grid pilot projects that test
4 the use of parked plug-in vehicles for power grid energy storage and
5 support.

6 (3) The vehicle electrification work group must complete its work
7 by December 1, 2008. The work group must submit an interim report to
8 the governor stating its findings, conclusions, and interim
9 recommendations by December 1, 2007. The group must submit a final
10 report to the governor stating its findings, conclusions, and final
11 recommendations by December 1, 2008.

12 (4) The department of community, trade, and economic development
13 shall supply staff support and research to the vehicle electrification
14 work group.

15 (5) This section expires July 31, 2009.

16 NEW SECTION. **Sec. 403.** A new section is added to chapter 28B.30
17 RCW to read as follows:

18 Washington State University is directed to analyze and recommend
19 models for possible implementation by the legislature or the executive
20 office for at least the following potential biofuels incentive
21 programs:

22 (1) Market incentives to encourage instate production of brassica-
23 based biodiesel, and cellulosic ethanol, including such market methods
24 as direct grants, production tax credits, and the issuance by the state
25 of advance guaranteed purchase contracts;

26 (2) Possible preferred research programs, grants, or other forms of
27 assistance for accelerating the development of instate production of
28 cellulosic ethanol and in-state biodiesel crops and their coproducts;

29 (3) Coordinate with the Western Washington University alternative
30 automobile program for opportunities to support new Washington state
31 technology for conversion of fossil fuel fleets to biofuel, hybrid, or
32 alternative fuel propulsion;

33 (4) Coordinate with the University of Washington's college of
34 forest management and the Olympic natural resources center for the
35 identification of barriers to using the state's forest resources for
36 fuel production, including the economic and transportation barriers of
37 physically bringing forest biomass to the market;

1 (5) Coordinate with the department of agriculture for the
2 identification of other barriers for future biofuels development; and

3 (6) Strategies for furthering the penetration of the Washington
4 state fossil fuel market with Washington produced biofuels,
5 particularly among public entities.

6 NEW SECTION. Sec. 404. (1) The department of community, trade,
7 and economic development shall develop and recommend, in consultation
8 with the department of ecology, a framework for the state of Washington
9 to participate in emerging regional, national, and global markets to
10 mitigate climate change, on a multisector basis, including the forest
11 sector. This framework must include, but not be limited to, credible,
12 verifiable, replicable inventory and accounting methodologies for each
13 sector involved, along with the completion of the stakeholder process
14 identified in executive order number 07-02.

15 (2) The department of community, trade, and economic development
16 shall work closely with the department of natural resources on any
17 elements of this section's administration that studies or makes
18 recommendations on the role and opportunities of the forest sector.

19 NEW SECTION. Sec. 405. (1) The climate impacts group at the
20 University of Washington shall:

21 (a) Produce an analysis of the potential human health impacts of
22 climate change on the state of Washington; and

23 (b) Produce a fifty-year comprehensive state climate change
24 assessment.

25 (2)(a) The object of the analysis of potential human health impacts
26 of climate change under this section is to assist state and local
27 public health authorities in preparing for climate change.

28 (b) The analysis must:

29 (i) Evaluate the implications of climate change for human morbidity
30 and mortality; and

31 (ii) Establish qualitative and, to the extent possible,
32 quantitative links between climate and risks to human health in such
33 areas as air quality, disease vectors, and heat stress.

34 (c) To ensure the appropriateness of this assessment for public
35 health planning, the climate impacts groups shall consult with state
36 and local public health agencies.

1 (d) If adequate funding is not made available for the completion of
2 all elements required under this section, the climate impacts group
3 shall prioritize which of the enumerated research projects have the
4 greatest cost/benefit ratio in terms of providing information important
5 for planning decisions. The prioritization process may include the
6 addition of any new studies that may be appropriate in addition to, or
7 in place of, studies listed in this section.

8 (3)(a) The fifty-year comprehensive state climate change assessment
9 under this section will serve as the baseline for future analyses of
10 climate change impacts and response strategies for critical economic
11 and ecological sectors, including agriculture, forests, shorelines,
12 fisheries, and urban centers.

13 (b) The assessment must:

14 (i) Develop scenarios and the range of associated uncertainty for
15 the state's climate over the next century;

16 (ii) Determine how water resources in specific watersheds will
17 respond to these climate change scenarios, including assessment of the
18 risk of current and future extreme events, such as floods and droughts;

19 (iii) Develop climate change streamflow scenarios for use in water
20 resources and salmon recovery planning;

21 (iv) Create scenarios of salmon and cold water ecosystem
22 vulnerability to water temperature and low-flows associated with future
23 climate scenarios;

24 (v) Assess sea level rise scenarios for infrastructure planning
25 purposes. Identify locations and patterns of coastal vulnerability to
26 sea level rise and hydrologic changes;

27 (vi) Evaluate current legal, regulatory, and institutional barriers
28 to climate change adaptation or preparation; and

29 (vii) Identify information or data gaps that might preclude
30 adequate state planning for climate change.

31 (c) If adequate funding is not made available for the completion of
32 all research required under this section, the climate impacts group
33 shall prioritize which of the enumerated research projects have the
34 greatest cost/benefit ratio in terms of providing information important
35 for planning decisions. The prioritization process may include the
36 addition of any new studies that may be appropriate in addition to, or
37 in place of, studies listed in this section.

1 (d) To ensure the appropriateness of this assessment for local and
2 state decision making, the climate impacts group shall consult with
3 state and local resource planning and management agencies.

4 (4) The climate impacts group shall report the assessments to the
5 governor and the appropriate committees of the legislature by December
6 15, 2008.

7 **Sec. 406.** RCW 47.17.020 and 1970 ex.s. c 51 s 5 are each amended
8 to read as follows:

9 A state highway to be known as state route number 5, and designated
10 as a Washington green highway, is established as follows:

11 Beginning at the Washington-Oregon boundary line on the interstate
12 bridge over the Columbia river at Vancouver, thence northerly by way of
13 Kelso, Chehalis, Centralia, Olympia, Tacoma, Seattle, Everett and Mt.
14 Vernon, thence northwesterly to the east of Lake Samish, thence
15 northeasterly and northerly by way of Bellingham to the international
16 boundary line in the vicinity of Blaine in Whatcom county.

17 **Sec. 407.** RCW 47.17.135 and 1979 ex.s. c 33 s 3 are each amended
18 to read as follows:

19 A state highway to be known as state route number 82, and
20 designated as a Washington green highway, is established as follows:

21 Beginning at a junction with state route number 90 in the vicinity
22 of Ellensburg, thence southerly and easterly by way of Yakima, Union
23 Gap, Sunnyside, Prosser, Kiona, and Goose Gap west of Richland, thence
24 southeasterly near Kennewick and southwesterly by way of the vicinity
25 of Plymouth to a crossing of the Columbia river at the Washington-
26 Oregon boundary line.

27 **Sec. 408.** RCW 47.17.140 and 1991 c 56 s 2 are each amended to read
28 as follows:

29 A state highway to be known as state route number 90, and
30 designated as the American Veterans Memorial Highway as well as a
31 Washington green highway, is established as follows:

32 Beginning at a junction with state route number 5, thence, via the
33 west approach to the Lake Washington bridge in Seattle, in an easterly
34 direction by way of Mercer Island, North Bend, Snoqualmie pass,

1 Ellensburg, Vantage, Moses Lake, Ritzville, Sprague and Spokane to the
2 Washington-Idaho boundary line.

3 **PART 5**
4 **MISCELLANEOUS**

5 NEW SECTION. **Sec. 501.** Part headings used in this act are not any
6 part of the law.

7 NEW SECTION. **Sec. 502.** The office of the superintendent of public
8 instruction may adopt any rules necessary for the implementation of
9 this act.

10 NEW SECTION. **Sec. 503.** The following sections are codified and
11 recodified as a new chapter in Title 43 RCW entitled "Energy Freedom
12 Authority":

- 13 RCW 15.110.005;
- 14 RCW 15.110.010;
- 15 RCW 15.110.020;
- 16 RCW 15.110.030;
- 17 RCW 15.110.040;
- 18 RCW 15.110.050;
- 19 RCW 15.110.060;
- 20 RCW 15.110.900;
- 21 RCW 15.110.901;
- 22 Section 303 of this act;
- 23 Section 307 of this act; and
- 24 Section 404 of this act.

25 NEW SECTION. **Sec. 504.** Sections 302 through 309 and 404 of this
26 act expire June 30, 2016.

27 NEW SECTION. **Sec. 505.** A new section is added to chapter 43.135
28 RCW to read as follows:
29 RCW 43.135.035(4) does not apply to the transfers established in
30 this act."

ADOPTED 03/10/2007

1 On page 1, line 3 of the title, after "emissions;" strike the
2 remainder of the title and insert "amending RCW 70.94.017, 53.08.040,
3 43.19.642, 15.110.010, 15.110.020, 15.110.030, 15.110.040, 15.110.050,
4 15.110.060, 47.17.020, 47.17.135, and 47.17.140; adding a new section
5 to chapter 28A.300 RCW; adding new sections to chapter 43.19 RCW;
6 adding a new section to chapter 43.01 RCW; adding a new section to
7 chapter 89.08 RCW; adding a new section to chapter 35.21 RCW; adding a
8 new section to chapter 35.92 RCW; adding a new section to chapter 54.04
9 RCW; adding a new section to chapter 28B.30 RCW; adding a new section
10 to chapter 43.135 RCW; adding a new chapter to Title 43 RCW; creating
11 new sections; recodifying RCW 15.110.005, 15.110.010, 15.110.020,
12 15.110.030, 15.110.040, 15.110.050, 15.110.060, 15.110.900, and
13 15.110.901; and providing expiration dates."

EFFECT: Removes the \$2 clean air assessment on vehicle registration renewals, requires all state agencies, and not just the Department of General Administration, to report on reductions in fossil fuel use by the state fleet, designates the Energy Freedom Coordinator, and not the Governor and the Legislature, as the recipient of reports about state fleet fuel reduction, makes the direction to the Department of General Administration to execute advance contracts for biofuels purchases discretionary, allows the Department of General Administration to estimate state electricity used for plug-in electric vehicles, and removes the limitation on the use of the Energy Freedom Account for refueling stations selling fuel only for the motoring public.

--- END ---