

# HOUSE BILL REPORT

## SHB 1029

---

### As Passed Legislature

**Title:** An act relating to defining E85 motor fuel.

**Brief Description:** Defining E85 motor fuel.

**Sponsors:** By House Committee on Technology, Energy & Communications (originally sponsored by Representatives B. Sullivan, Linville and Morris).

#### **Brief History:**

##### **Committee Activity:**

Technology, Energy & Communications: 1/17/07, 1/23/07 [DPS].

##### **Floor Activity:**

Passed House: 1/29/07, 97-0.

Senate Amended.

Passed Senate: 4/5/07, 46-0.

House Concurred.

Passed House: 4/14/07, 94-0.

Passed Legislature.

#### **Brief Summary of Substitute Bill**

- Provides a definition for E85 motor fuel.

---

### HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Morris, Chair; McCoy, Vice Chair; Crouse, Ranking Minority Member; McCune, Assistant Ranking Minority Member; Eddy, Ericksen, Hankins, Hudgins, Hurst, Takko and VanDeWege.

**Staff:** Scott Richards (786-7156).

#### **Background:**

##### **Ethanol**

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Ethanol may be produced from a variety of feedstocks such as corn, wheat, barley, potatoes, sugarcane and the cellulose of plants such as switchgrass, straw and trees. In the United States the majority of ethanol is made from corn. The most common blends are:

- E10 - 10 percent ethanol and 90 percent unleaded gasoline; and
- E85 - 85 percent ethanol and 15 percent unleaded gasoline.

E10 is approved for use in any make or model of vehicle sold in the U.S. In 2004, about one-third of America's gasoline was blended with ethanol, most in this 10 percent variety.

Vehicles must be specially designed to run on E85 and use of the fuel blend is approved for Flexible Fuel Vehicles (FFVs) only. The FFVs are designed to run on E85, gasoline, or any blend of the two. There are more than four million FFVs on the road in the United States.

### **Season Adjustments of E85 Blend**

The E85 blend is seasonally adjusted to ensure proper starting and performance in different geographic locations. During winter, higher percentages of gasoline is added to E85 to ensure that vehicles are able to start at cold temperatures. According to the American Society of Testing and Materials Standard Specification for Fuel Ethanol for Automotive Spark-Ignition Engines (ASTM D5798-99), E85 sold during colder months may contain 70 percent ethanol and 30 percent petroleum to produce the necessary vapor pressure for starting in cold temperatures.

### **Motor Fuel Quality Act**

The Motor Fuel Quality Act (Act) provides for the establishment of quality specifications for all liquid motor fuels, except aviation fuel, marine fuel, and liquefied petroleum gases, and establishes a sampling, testing, and enforcement program. The term motor fuel means any liquid product used for the generation of power in an internal combustion engine used for the propulsion of a motor vehicle upon the highways of this state.

The Act contains no definition for E85 motor fuel.

### **Tax Exemptions and Preferential Tax Rates for Biofuels**

Washington law makes available tax exemptions or preferential tax rates to promote motor fuels containing 85 percent ethanol. However, state law does not use a consistent definition for motor fuels containing 85 percent ethanol.

---

### **Summary of Substitute Bill:**

The Motor Fuel Quality Act is amended to include a definition for E85 motor fuel.

The business and occupation tax deduction for sale of alternative fuel is amended to replace the definition of alcohol fuel with a definition for E85 motor fuel.

The retail sales and use tax exemption for distribution of biodiesel or alcohol fuels is amended to replace the definition of, or reference to, alcohol fuel blends with a definition of, or reference to, E85 motor fuel.

The sales and use tax exemption for use of machinery, equipment, vehicles, and services related to biodiesel or alcohol fuel blend is extended from July 1, 2009 to July 1, 2015.

The business and occupation tax deduction for sale or distribution of biodiesel or alcohol fuels is extended from July 1, 2009 to July 1, 2015.

**E85 Definition**

"E85 motor fuel" means an alternative fuel that is a blend of ethanol and hydrocarbon of which the ethanol portion is nominally 75 percent to 85 percent denatured fuel ethanol by volume that complies with the most recent version of American society of testing and materials specification D 5798.

---

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill is a straight forward way of getting into Washington code a national standard for E85 motor fuel.

(Opposed) None.

**Persons Testifying:** Representative Brian Sullivan, prime sponsor.

**Persons Signed In To Testify But Not Testifying:** None.