

SENATE BILL REPORT

SHB 1029

As Reported By Senate Committee On:
Water, Energy & Telecommunications, March 23, 2007

Title: An act relating to defining E85 motor fuel.

Brief Description: Defining E85 motor fuel.

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

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

Committee Activity: Water, Energy & Telecommunications: 3/20/07, 3/23/07 [DPA].

SENATE COMMITTEE ON WATER, ENERGY & TELECOMMUNICATIONS

Majority Report: Do pass as amended.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Honeyford, Ranking Minority Member; Fraser, Holmquist, Morton, Oemig, Pridemore and Regala.

Staff: Margaret King (786-7416)

Background: 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 United States. 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 roads in the United States.

The E85 blend is seasonally adjusted 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.

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.

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 Act contains no definition for E85 motor fuel.

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

E85 motor fuel is defined as an alternative fuel that is a blend of denatured ethanol and hydrocarbon that typically contains 85 percent ethanol by volume, but at a minimum must contain 70 percent ethanol by volume, and complies with ASTM specification D5798-99.

EFFECT OF CHANGES MADE BY RECOMMENDED AMENDMENT(S) AS PASSED COMMITTEE (Water, Energy & Telecommunications): The Motor Fuel Quality Act is amended to include a definition for alcohol fuel, alternative fuel, E85 motor fuel, and nonhazardous motor fuel.

The term "alcohol fuel" is added and defined as any alcohol made from a product other than petroleum or natural gas that is used alone or in combination with gasoline or other petroleum products for use as a fuel in a self-propelled motor vehicle.

The term "alternative fuel" is added and defined as all products or energy sources used to propel motor vehicles, other than conventional gasoline, diesel, or reformulated gasoline. Alternative fuel includes, but is not limited to, the following: liquefied petroleum gas, liquefied natural gas, compressed natural gas, biodiesel fuel, E85 motor fuel, fuels containing 70 percent or more by volume of alcohol fuel, fuels that are derived from biomass, hydrogen fuel, anhydrous ammonia fuel, nonhazardous motor fuel, and electricity. Onboard electric generation is excluded.

The term "E85 motor fuel" is added and defined as an alternative fuel that is a blend of denatured ethanol and hydrocarbon of which the ethanol portion is nominally 75 percent to 85 percent denatured fuel ethanol by volume that complies with the American Society of Testing and Materials specification D5798.

The new definition for E85 changes the definition in the existing bill to conform with the nationally recognized definition.

The term "nonhazardous motor fuel" is added and defined as any fuel of a type distributed for use in a self-propelled motor vehicle that does not contain a hazardous liquid as defined in RCW 19.122.020.

The business and occupation (B&O) tax deduction for sale of alternative fuel and the retail sales and use tax exemption for distribution of biodiesel or alcohol fuels are extended from 2009 to 2015.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: None.

Persons Testifying: No one.