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HOUSE BILL 2422

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State of Washington

62nd Legislature

2012 Regular Session

By Representatives Billig, Haler, Stanford, McCoy, Maxwell, Eddy, Nealey, Crouse, Probst, Llias, Parker, Van De Wege, Upthegrove, Ormsby, Kenney, Morris, and Moscoso

Read first time 01/13/12. Referred to Committee on Technology, Energy & Communications.

1 AN ACT Relating to aviation biofuels production; reenacting and  
2 amending RCW 43.157.010; adding a new section to chapter 43.180 RCW;  
3 adding a new section to chapter 43.333 RCW; creating a new section; and  
4 providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that Washington is  
7 becoming a leader in the development and commercialization of aviation  
8 biofuels due to its strong tradition of market innovation, a  
9 concentrated demand for sustainable aviation fuels, leading expertise  
10 and research capacity, an established aviation manufacturing sector,  
11 and the availability of a diverse range of feedstocks for the  
12 production of biofuels. The legislature also finds that the  
13 development of aviation biofuels has the potential to reduce dependence  
14 on foreign sources of fossil fuels, reduce greenhouse gas emissions,  
15 and promote economic development and jobs in Washington. The  
16 legislature intends to support the development of commercial-scale  
17 aviation biofuels production facilities in Washington by facilitating  
18 and streamlining the permitting process for new facilities and the

1 expansion of existing facilities and by providing access to low-cost  
2 financing through the issuance of revenue bonds.

3 The legislature finds that the 2012 Washington state energy  
4 strategy calls for a targeted, strategic policy focus on sustainable  
5 aviation biofuels to encourage the realization of Washington's  
6 potential. The legislature also finds that a regional stakeholder  
7 effort to explore the opportunities and challenges surrounding the  
8 production of sustainable aviation fuels, known as sustainable aviation  
9 biofuels northwest, urged policymakers in the Northwest to develop  
10 supportive public policies that will jump start the industry, attract  
11 investment, and accelerate industry growth. In order to provide focus  
12 and develop policy recommendations to support the sustainable aviation  
13 biofuels sector in Washington, the legislature intends to establish a  
14 sustainable aviation biofuels work group. Additionally, the  
15 legislature intends Innovate Washington, designated in 2011 as the lead  
16 agency for coordinating clean energy-related initiatives targeted at  
17 growing the clean energy sector, to convene the appropriate  
18 stakeholders and facilitate the opportunity for the state to realize  
19 the full economic growth impact to the state's economy.

20 **Sec. 2.** RCW 43.157.010 and 2009 c 565 s 34 and 2009 c 421 s 2 are  
21 each reenacted and amended to read as follows:

22 ((For purposes of)) The definitions in this section apply  
23 throughout this chapter and RCW 28A.525.166, 28B.76.210, 28C.18.080,  
24 43.21A.350, and 90.58.100, unless the context requires otherwise:

- 25 (1)(a) ((A)) "Project of statewide significance ((is)) " means:  
26 (i) A border crossing project that involves both private and public  
27 investments carried out in conjunction with adjacent states or  
28 provinces;  
29 (ii) A development project that will provide a net environmental  
30 benefit;  
31 (iii) A development project in furtherance of the commercialization  
32 of innovations; ((or))  
33 (iv) A private industrial development with private capital  
34 investment in manufacturing or research and development; or  
35 (v) An aviation biofuels production facility.

36 (b) To qualify for designation under RCW 43.157.030 as a project of  
37 statewide significance:

1 (i) The project must be completed after January 1, 2009;

2 (ii) The applicant must submit an application to the department for  
3 designation as a project of statewide significance to the department of  
4 commerce; and

5 (iii) Except for an aviation biofuels production facility, the  
6 project must have:

7 (A) In counties with a population less than or equal to twenty  
8 thousand, a capital investment of five million dollars;

9 (B) In counties with a population greater than twenty thousand but  
10 no more than fifty thousand, a capital investment of ten million  
11 dollars;

12 (C) In counties with a population greater than fifty thousand but  
13 no more than one hundred thousand, a capital investment of fifteen  
14 million dollars;

15 (D) In counties with a population greater than one hundred thousand  
16 but no more than two hundred thousand, a capital investment of twenty  
17 million dollars;

18 (E) In counties with a population greater than two hundred thousand  
19 but no more than four hundred thousand, a capital investment of thirty  
20 million dollars;

21 (F) In counties with a population greater than four hundred  
22 thousand but no more than one million, a capital investment of forty  
23 million dollars;

24 (G) In counties with a population greater than one million, a  
25 capital investment of fifty million dollars;

26 (H) In rural counties as defined by RCW 82.14.370, projected full-  
27 time employment positions after completion of construction of fifty or  
28 greater;

29 (I) In counties other than rural counties as defined by RCW  
30 82.14.370, projected full-time employment positions after completion of  
31 construction of one hundred or greater; or

32 (J) Been qualified by the director of the department as a project  
33 of statewide significance either because:

34 (I) The economic circumstances of the county merit the additional  
35 assistance such designation will bring;

36 (II) The impact on a region due to the size and complexity of the  
37 project merits such designation;

1 (III) The project resulted from or is in furtherance of innovation  
2 activities at a public research institution in the state or is in or  
3 resulted from innovation activities within an innovation partnership  
4 zone; or

5 (IV) The project will provide a net environmental benefit as  
6 evidenced by plans for design and construction under green building  
7 standards or for the creation of renewable energy technology or  
8 components or under other environmental criteria established by the  
9 director in consultation with the director of the department of  
10 ecology.

11 A project may be qualified under this subsection (1)(b)(iii)(J)  
12 only after consultation on the availability of staff resources of the  
13 office of regulatory assistance.

14 (2) "Department" means the department of (~~community, trade, and~~  
15 ~~economic development~~) commerce.

16 (3) "Manufacturing" shall have the meaning assigned it in RCW  
17 82.62.010.

18 (4) "Research and development" shall have the meaning assigned it  
19 in RCW 82.62.010.

20 (5) "Applicant" means a person applying to the department for  
21 designation of a development project as a project of statewide  
22 significance.

23 (6) "Aviation biofuels production facility" means a facility  
24 primarily for the processing of nonfossil biogenic carbon feedstocks to  
25 produce aviation fuels that meet the fuel quality technical standards  
26 of the American society for testing materials for aviation fuels and  
27 coproducts.

28 NEW SECTION. Sec. 3. A new section is added to chapter 43.180  
29 RCW, to be codified prior to the subchapter that begins with RCW  
30 43.180.300, to read as follows:

31 (1) The commission may:

32 (a) Issue bonds for the purpose of financing all or part of the  
33 project costs of facilities that are primarily for the production,  
34 processing, or handling of aviation biofuels or for the production,  
35 processing, or handling of nonfossil biogenic carbon feedstocks to be  
36 used in the production of aviation biofuels;

37 (b) Make or purchase loans for financing of these facilities; or

1 (c) Enter into financing documents relating to the repayment of  
2 those loans or the provision of, or security for, debt service on the  
3 bonds.

4 (2) In connection with the financing of project costs of facilities  
5 that are primarily for the production, processing, or handling of  
6 aviation biofuels, the commission may exercise the other powers granted  
7 the commission under this chapter, including the requirements under RCW  
8 43.180.170 and 43.180.180.

9 (3) For the purposes of this section:

10 (a) "Aviation biofuels" means fuels for aviation from nonfossil  
11 biogenic carbon feedstocks that meet the fuel quality technical  
12 standards of the American society for testing materials for aviation  
13 fuels and coproducts.

14 (b) "Facilities" means land, rights in land, buildings, structures,  
15 equipment, landscaping, utilities, approaches, roadways and parking,  
16 handling and storage areas, and similar ancillary facilities.

17 (c) "Financing document" means a lease, sublease, installment sale  
18 agreement, conditional sale agreement, loan agreement, mortgage, deed  
19 of trust guaranty agreement, or other agreement for the purpose of  
20 providing funds to pay or secure debt service on bonds.

21 (d) "Project costs" means costs of:

22 (i) Acquisition, construction, and improvement of any facilities  
23 included in a facility;

24 (ii) Architectural, engineering, consulting, accounting, and legal  
25 costs related directly to the development, financing, and construction  
26 of a facility, including costs of studies assessing the feasibility of  
27 a facility;

28 (iii) Finance costs, including discounts, if any, the costs of  
29 issuing bonds, and costs incurred in carrying out any trust agreement;

30 (iv) Interest during construction and during the six months after  
31 estimated completion of construction, and capitalized debt service or  
32 repair and replacement or other appropriate reserves;

33 (v) The refunding of any outstanding obligations incurred for any  
34 of the costs outlined in this subsection; and

35 (vi) Other costs incidental to any of the costs listed in this  
36 section.

1        NEW SECTION.    **Sec. 4.**    A new section is added to chapter 43.333 RCW  
2 to read as follows:

3        (1) Innovate Washington shall convene a sustainable aviation  
4 biofuels work group.

5        (2) The purpose of the work group is to:

6        (a) Further the development of sustainable aviation fuel as a  
7 productive industry in Washington, using as a foundation the regional  
8 assessment prepared by the collaborative known as the sustainable  
9 aviation fuels northwest;

10       (b) Facilitate communication and coordination among aviation  
11 biofuels stakeholders;

12       (c) Provide a forum for discussion and problem-solving regarding  
13 potential and current barriers related to technology development,  
14 production, distribution, supply chain development, and  
15 commercialization of aviation biofuels; and

16       (d) Provide recommendations to the legislature on potential  
17 legislation that will facilitate the technology development,  
18 production, distribution, and commercialization of aviation biofuels.

19       (3) Innovate Washington, in consultation with the legislative  
20 members, shall designate work group members that represent sectors  
21 involved in sustainable aviation biofuels research, development,  
22 production, and utilization. The work group shall include but not be  
23 limited to representatives from the following:

24       (a) The Washington state senate;

25       (b) The Washington state house of representatives;

26       (c) An agriculture advocacy organization;

27       (d) An airline operator;

28       (e) An airplane manufacturer;

29       (f) An airport operator located in western Washington and an  
30 airport operator located in eastern Washington;

31       (g) Biofuels feedstock producers;

32       (h) Two biofuels producers;

33       (i) The department of agriculture;

34       (j) The department of commerce;

35       (k) The department of natural resources;

36       (l) A sustainable energy advocacy organization;

37       (m) The United States department of defense;

38       (n) The University of Washington;

- 1           (o) Washington State University;
- 2           (p) The Pacific Northwest national laboratory; and
- 3           (q) A member of the board of directors of Innovate Washington.
- 4           (4) The work group shall choose its chair from among its
- 5 membership.
- 6           (5) The work group may not meet more than twice a year.
- 7           (6) The work group shall provide an annual update of its findings
- 8 and recommendations to the governor and the appropriate committees of
- 9 the legislature by December 1st of each year through 2014.
- 10          (7) This section expires June 30, 2015.

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