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**SECOND SUBSTITUTE HOUSE BILL 2338**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** House Transportation (originally sponsored by Representatives Fitzgibbon, Cody, Hudgins, Goodman, Tarleton, Santos, McBride, Stanford, Tharinger, Macri, Jinkins, Ormsby, and Doglio)

AN ACT Relating to reducing the greenhouse gas emissions associated with transportation fuels; amending RCW 46.17.365, 46.25.100, 46.20.202, 46.25.052, 46.25.060, and 70.94.015; adding new sections to chapter 70.94 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  (1) The legislature finds that rapidly innovating technologies, including electric vehicles and clean transportation fuels, are at the threshold of widespread commercial deployment. In order to help prompt the use of clean fuels, other states have successfully implemented programs that reduce the carbon intensity of their transportation fuels. Without disruptions to fuel markets or significant impacts to the costs of transportation fuels, California and Oregon have both implemented low-carbon fuel standards that are similar to the program created in this act. Washington state has extensively studied the potential impact of a clean fuels program, and most projections show that a low-carbon fuel standard would decrease greenhouse gas and conventional air pollutant emissions, while positively impacting the state's economy.

(2) Therefore, it is the intent of the legislature to support the deployment of clean transportation fuel technologies through a carefully designed program that reduces the carbon intensity of fuel used in Washington, in order to:

(a) Reduce levels of conventional air pollutants from diesel and gasoline that are harmful to public health;

(b) Reduce greenhouse gas emissions associated with transportation fuels, which are the state's largest source of greenhouse gas emissions; and

(c) Create jobs and spur economic development based on innovative clean fuel technologies.

NEW SECTION. **Sec.**  The definitions in this section apply throughout this section and sections 3 through 7 of this act unless the context clearly indicates otherwise.

(1) "Carbon dioxide equivalents" has the same meaning as defined in RCW 70.235.010.

(2) "Clean fuels program" means the requirements established by this act.

(3) "Credit" means a unit of measure generated when a fuel with a carbon intensity that is less than the applicable standard adopted by the department under section 3 of this act is produced, imported, or dispensed for use in Washington, such that one credit is equal to one metric ton of carbon dioxide equivalents.

(4) "Deficit" means a unit of measure generated when a fuel with a carbon intensity that is greater than the applicable standard adopted by the department under section 3 of this act is produced, imported, or dispensed for use in Washington, such that one deficit is equal to one metric ton of carbon dioxide equivalents.

(5) "Electric utility" means a consumer-owned utility or investor-owned utility, as those terms are defined in RCW 19.29A.010.

(6) "Greenhouse gas" has the same meaning as defined in RCW 70.235.010.

(7) "Motor vehicle" has the same meaning as defined in RCW 46.04.320.

(8) "Transportation fuel" means electricity and any liquid or gaseous fuel sold, supplied, offered for sale, or used for the propulsion of a motor vehicle or that is intended for use for transportation purposes.

NEW SECTION. **Sec.**  (1) The department shall adopt rules that establish standards that reduce the greenhouse gas emissions per unit of fuel energy (carbon intensity) in transportation fuels used in Washington. The rules adopted under this section must reduce the greenhouse gas emissions attributable to each unit of the fuels to ten percent below 2017 levels by 2028. Transportation fuels exported from Washington are not subject to these greenhouse gas emissions reduction requirements. The rules must establish a start date for the clean fuels program of January 1, 2020. To the extent the requirements of this act conflict with the requirements of chapter 19.112 RCW, the requirements of this act prevail.

(2) The direction to the department to adopt rules under this section is not an acknowledgment, denial, or limitation of any authority of the department that existed prior to the effective date of this section to adopt rules related to the greenhouse gas emissions intensity of fuel under other provisions of this chapter including, but not limited to, RCW 70.94.151 and 70.94.331.

NEW SECTION. **Sec.**  (1) The rules adopted by the department to achieve the greenhouse gas emissions reductions per unit of fuel energy specified in section 3 of this act must include, but are not limited to, the following:

(a)(i) Standards for greenhouse gas emissions attributable to the transportation fuels throughout their life cycles, including but not limited to emissions from the production, storage, transportation, and combustion of transportation fuels and from changes in land use associated with transportation fuels. The standards adopted under this section may also address the efficiency of a fuel as used in a powertrain as compared to a reference fuel. In establishing the standards under this subsection, the department may consider and rely on carbon intensity calculations for transportation fuels used by similar programs in other states. The rules adopted by the department must neutrally consider the life-cycle emissions associated with transportation fuels with respect to the political jurisdiction in which the fuels originated, and may not discriminate against fuels on the basis of having originated in another state or jurisdiction. Nothing in this subsection shall be construed to prohibit inclusion or assessment of emissions related to fuel transportation in determining the carbon intensity of a fuel. If the department determines that it is necessary for purposes of accurately measuring greenhouse gas emissions associated with transportation fuels, the department may require transportation fuel suppliers to submit greenhouse gas emissions data that is different from or additional to the greenhouse gas emissions data reported under RCW 70.94.151(5)(a)(iii);

(ii) The standards in (a)(i) of this subsection must measure greenhouse gas emissions associated with electricity based on a mix of generation resources specific to each electric utility participating in the clean fuels program. If the department determines that it is necessary for purposes of accurately measuring greenhouse gas emissions associated with electricity supplied by an electric utility, the department may require electric utilities participating in the clean fuels program to submit greenhouse gas emissions data that is different from or additional to the fuel mix disclosure information submitted under chapter 19.29A RCW;

(iii) The rules adopted under this section must also include procedures for setting and adjusting the amounts of greenhouse gas emissions per unit of fuel energy that is assigned to transportation fuels under (a)(i) of this subsection;

(b) Provisions allowing for the achievement of limits on the greenhouse gas emissions intensity of transportation fuels in section 3 of this act to be achieved by any combination of transportation fuels capable of meeting such standards;

(c) Criteria and processes for the establishment of delayed implementation deadlines, if the department deems the delays to be necessary to ensure adequate fuel supplies;

(d) Exemptions for transportation fuels that are used in volumes below thresholds adopted by the department;

(e) Exemptions for transportation fuels used for the propulsion of aircraft, vessels, or railroad locomotives;

(f) Cost containment mechanisms, including but not limited to procedures that provide a means of compliance with the clean fuels program requirements in the event that a regulated person has not been able to acquire sufficient volumes of credits at the end of a compliance period;

(g)(i) Methods for assigning compliance obligations and tracking tradable credits that denote the generation, import, distribution, or acquisition of units of transportation fuel with associated life-cycle greenhouse gas emissions lower than the per-unit standard established in section 3 of this act. Transportation fuels with associated greenhouse gas emissions exceeding eighty percent of the standard established in section 3 of this act are not eligible to generate credits under the clean fuels program;

(ii) Mechanisms that allow credits to be traded and to be banked for future compliance periods;

(iii) Procedures for verifying the validity of credits and deficits generated under the clean fuels program;

(h) Requirements that producers or importers of transportation fuels that equal or exceed the per-unit standard established in section 3 of this act participate in the clean fuels program;

(i) Mechanisms to elect to participate in the clean fuels program for persons associated with the supply chains of transportation fuels that do not equal or exceed the per-unit standard established in section 3 of this act, including producers, importers, distributors, or retailers of such fuels;

(j) Mechanisms for persons associated with the supply chains of transportation fuels that are used for purposes that are exempt from the clean fuels program compliance obligations, including but not limited to fuels used by aircraft, vessels, and railroad locomotives, to elect to participate in the clean fuels program;

(k) Authority for the department to designate an entity to aggregate and use unclaimed credits associated with persons that elect not to participate in the clean fuels program under (i) of this subsection.

(2) Except where otherwise provided in sections 2 through 7 of this act, the department should seek to adopt rules that are consistent with the regulatory standards, exemptions, reporting obligations, and other clean fuels program compliance requirements of other states that have adopted low carbon fuel standards or similar greenhouse gas emissions requirements applicable specifically to transportation fuels.

(3) In adopting rules under this section, the department must consider whether actions taken or credits generated under the clean fuels program are eligible for purposes of compliance with the clean air rule, chapter 173-442 WAC as of the effective date of this section, and whether actions taken or emissions reduction units generated under the clean air rule may be used for purposes of compliance with this section.

NEW SECTION. **Sec.**  (1)(a) Each producer or importer of transportation fuels whose associated greenhouse gas emissions are greater than or equal to the per-unit standard established in section 3 of this act must register with the department.

(b) Producers and importers of other transportation fuels must register with the department if they elect to participate in the clean fuels program.

(2) Each transaction transferring ownership of transportation fuels for which clean fuels program participation is mandated or has been chosen must be accompanied by documentation assigning the clean fuels program compliance responsibility associated with the fuels, including the assignment of associated credits.

(3) The department may adopt rules requiring the periodic reporting of information to the department by producers and importers of transportation fuels participating in the clean fuels program.

NEW SECTION. **Sec.**  (1)(a) Twenty-five percent of the revenues generated by an electric utility from credits earned under the clean fuels program must be expended by the electric utility on transportation electrification projects. These transportation electrification projects must be located within a federally designated nonattainment or maintenance area if such a nonattainment or maintenance area is within the service area of the utility.

(b) The department may adopt requirements for the expenditure of revenues from credits earned under the clean fuels program that are applicable to the seventy-five percent of revenues not subject to the requirements of (a) of this subsection. Any requirements for the expenditure of revenues from credits earned under the clean fuels program must be developed in consultation with electric utilities.

(c) Electric utilities that elect to participate in the clean fuels program must annually provide information to the department accounting for and briefly describing all expenditures of revenues generated from credits earned under the clean fuels program.

(2) All penalties recovered under this chapter for violations of the clean fuels program requirements must be paid into the state treasury and credited to the air pollution control account established in RCW 70.94.015. After deductions of amounts necessary to cover the department's administrative and enforcement expenses, the department must use penalty moneys to provide grants to local governments in federally designated nonattainment and maintenance areas for transportation electrification projects.

NEW SECTION. **Sec.**  (1) Beginning April 1, 2021, and each April 1st thereafter, the department must submit a report to the legislature, consistent with RCW 43.01.036, that includes the following information regarding the previous calendar year of clean fuels program activities:

(a) The number of credits and deficits generated by entities participating in the clean fuels program;

(b) The volumes, and mean prices per unit of energy, of each transportation fuel used to comply with the requirements of the clean fuels program; and

(c) Recommendations, in the form of draft legislation, for any changes to sections 2 through 6 of this act that are needed in order to more efficiently achieve the greenhouse gas emissions reduction goals of the clean fuels program.

(2) By December 1, 2026, the joint legislative audit and review committee must analyze the impacts of the initial five years of clean fuels program implementation, and must submit a report summarizing the analysis to the legislature. The analysis must include, at minimum, the following components:

(a) Quantitative and qualitative costs and benefits, including environmental and public health costs and benefits, of complying with the rules adopted under this act for regulated parties and persons that voluntarily participate in the clean fuels program;

(b) Calculations of the total greenhouse gas emissions avoided as a result of the requirements of the clean fuels program;

(c) An assessment of the impact of the clean fuels program on volumetric prices of gasoline, diesel, and other transportation fuels in Washington;

(d) A summary of the estimated total statewide costs and benefits attributable to the clean fuels program, including state agency administrative costs and regulated entity compliance costs, per ton of greenhouse gas emissions reductions achieved by the clean fuels program; and

(e) The current and projected future availability of fuels with low associated greenhouse gas emissions.

**Sec.**  RCW 46.17.365 and 2015 3rd sp.s. c 44 s 202 are each amended to read as follows:

(1) A person applying for a motor vehicle registration and paying the vehicle license fee required in RCW 46.17.350(1) (a), (d), (e), (h), (j), (n), and (o) shall pay a motor vehicle weight fee in addition to all other fees and taxes required by law.

(a) For vehicle registrations that are due or become due before July 1, 2016, the motor vehicle weight fee:

(i) Must be based on the motor vehicle scale weight;

(ii) Is the difference determined by subtracting the vehicle license fee required in RCW 46.17.350 from the license fee in Schedule B of RCW 46.17.355, plus two dollars; and

(iii) Must be distributed under RCW 46.68.415.

(b) For vehicle registrations that are due or become due on or after July 1, 2016, the motor vehicle weight fee:

(i) Must be based on the motor vehicle scale weight as follows:

|  |  |
| --- | --- |
| WEIGHT | FEE |
| 4,000 pounds | $ 25.00 |
| 6,000 pounds | $ 45.00 |
| 8,000 pounds | $ 65.00 |
| 16,000 pounds and over | $ 72.00; |

(ii) If the resultant motor vehicle scale weight is not listed in the table provided in (b)(i) of this subsection, must be increased to the next highest weight; and

(iii) Must be distributed under RCW 46.68.415 unless prior to July 1, 2023, the actions described in (b)(iii)(A) or (B) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the connecting Washington account created under RCW 46.68.395.

(A) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(B) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(C) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(2) A person applying for a motor home vehicle registration shall, in lieu of the motor vehicle weight fee required in subsection (1) of this section, pay a motor home vehicle weight fee of seventy-five dollars in addition to all other fees and taxes required by law. The motor home vehicle weight fee must be distributed under RCW 46.68.415.

(3) Beginning July 1, 2022, in addition to the motor vehicle weight fee as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant to pay an additional weight fee of ten dollars, which must be distributed to the multimodal transportation account under RCW 47.66.070 unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(4) The department shall:

(a) Rely on motor vehicle empty scale weights provided by vehicle manufacturers, or other sources defined by the department, to determine the weight of each motor vehicle; and

(b) Adopt rules for determining weight for vehicles without manufacturer empty scale weights.

**Sec.**  RCW 46.25.100 and 2015 3rd sp.s. c 44 s 208 are each amended to read as follows:

(1) When a person has been disqualified from operating a commercial motor vehicle, the person is not entitled to have the commercial driver's license or commercial learner's permit restored until after the expiration of the appropriate disqualification period required under RCW 46.25.090 or until the department has received a drug and alcohol assessment and evidence is presented of satisfactory participation in or completion of any required drug or alcohol treatment program for ending the disqualification under RCW 46.25.090(7). After expiration of the appropriate period and upon payment of a requalification fee of twenty dollars until June 30, 2016, and thirty-five dollars beginning July 1, 2016, or one hundred fifty dollars if the person has been disqualified under RCW 46.25.090(7), the person may apply for a new, duplicate, or renewal commercial driver's license or commercial learner's permit as provided by law. If the person has been disqualified for a period of one year or more, the person shall demonstrate that he or she meets the commercial driver's license or commercial learner's permit qualification standards specified in RCW 46.25.060.

(2) The fees under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 208, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Sec.**  RCW 46.20.202 and 2017 c 310 s 3 are each amended to read as follows:

(1) The department may enter into a memorandum of understanding with any federal agency for the purposes of facilitating the crossing of the border between the state of Washington and the Canadian province of British Columbia.

(2) The department may enter into an agreement with the Canadian province of British Columbia for the purposes of implementing a border-crossing initiative.

(3)(a) The department may issue an enhanced driver's license or identicard for the purposes of crossing the border between the state of Washington and the Canadian province of British Columbia to an applicant who provides the department with proof of: United States citizenship, identity, and state residency. The department shall continue to offer a standard driver's license and identicard. If the department chooses to issue an enhanced driver's license, the department must allow each applicant to choose between a standard driver's license or identicard, or an enhanced driver's license or identicard.

(b) The department shall implement a one-to-many biometric matching system for the enhanced driver's license or identicard. An applicant for an enhanced driver's license or identicard shall submit a biometric identifier as designated by the department. The biometric identifier must be used solely for the purpose of verifying the identity of the holders and for any purpose set out in RCW 46.20.037. Applicants are required to sign a declaration acknowledging their understanding of the one-to-many biometric match.

(c) The enhanced driver's license or identicard must include reasonable security measures to protect the privacy of Washington state residents, including reasonable safeguards to protect against unauthorized disclosure of data about Washington state residents. If the enhanced driver's license or identicard includes a radio frequency identification chip, or similar technology, the department shall ensure that the technology is encrypted or otherwise secure from unauthorized data access.

(d) The requirements of this subsection are in addition to the requirements otherwise imposed on applicants for a driver's license or identicard. The department shall adopt such rules as necessary to meet the requirements of this subsection. From time to time the department shall review technological innovations related to the security of identity cards and amend the rules related to enhanced driver's licenses and identicards as the director deems consistent with this section and appropriate to protect the privacy of Washington state residents.

(e) Notwithstanding RCW 46.20.118, the department may make images associated with enhanced drivers' licenses or identicards from the negative file available to United States customs and border agents for the purposes of verifying identity.

(4) Beginning on July 23, 2017, the fee for an enhanced driver's license or enhanced identicard is twenty-four dollars, which is in addition to the fees for any regular driver's license or identicard. If the enhanced driver's license or enhanced identicard is issued, renewed, or extended for a period other than six years, the fee for each class is four dollars for each year that the enhanced driver's license or enhanced identicard is issued, renewed, or extended.

(5) The enhanced driver's license and enhanced identicard fee under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 209, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Sec.**  RCW 46.25.052 and 2015 3rd sp.s. c 44 s 206 are each amended to read as follows:

(1) The department may issue a CLP to an applicant who is at least eighteen years of age and holds a valid Washington state driver's license and who has:

(a) Submitted an application on a form or in a format provided by the department;

(b) Passed the general knowledge examination required for issuance of a CDL under RCW 46.25.060 for the commercial motor vehicle classification in which the applicant operates or expects to operate; and

(c) Paid the appropriate examination fee or fees and an application fee of ten dollars until June 30, 2016, and forty dollars beginning July 1, 2016.

(2) A CLP must be marked "commercial learner's permit" or "CLP," and must be, to the maximum extent practicable, tamperproof. Other than a photograph of the applicant, it must include, but not be limited to, the information required on a CDL under RCW 46.25.080(1).

(3) The holder of a CLP may drive a commercial motor vehicle on a highway only when in possession of a valid driver's license and accompanied by the holder of a valid CDL who has the proper CDL classification and endorsement or endorsements necessary to operate the commercial motor vehicle. The CDL holder must at all times be physically present in the front seat of the vehicle next to the CLP holder or, in the case of a passenger vehicle, directly behind or in the first row behind the driver and must have the CLP holder under observation and direct supervision.

(4) A CLP may be classified in the same manner as a CDL under RCW 46.25.080(2)(a).

(5) CLPs may be issued with only P, S, or N endorsements as described in RCW 46.25.080(2)(b).

(a) The holder of a CLP with a P endorsement must have taken and passed the P endorsement knowledge examination. The holder of a CLP with a P endorsement is prohibited from operating a commercial motor vehicle carrying passengers other than authorized employees or representatives of the department and the federal motor carrier safety administration, examiners, other trainees, and the CDL holder accompanying the CLP holder as required under subsection (2) of this section. The P endorsement must be class specific.

(b) The holder of a CLP with an S endorsement must have taken and passed the S endorsement knowledge examination. The holder of a CLP with an S endorsement is prohibited from operating a school bus with passengers other than authorized employees or representatives of the department and the federal motor carrier safety administration, examiners, other trainees, and the CDL holder accompanying the CLP holder as required under subsection (2) of this section.

(c) The holder of a CLP with an N endorsement must have taken and passed the N endorsement knowledge examination. The holder of a CLP with an N endorsement may only operate an empty tank vehicle and is prohibited from operating any tank vehicle that previously contained hazardous materials and has not been purged of any residue.

(6) A CLP may be issued with appropriate restrictions as described in RCW 46.25.080(2)(c). In addition, a CLP may be issued with the following restrictions:

(a) "P" restricts the driver from operating a bus with passengers;

(b) "X" restricts the driver from operating a tank vehicle that contains cargo; and

(c) Any restriction as established by rule of the department.

(7) The holder of a CLP is not authorized to operate a commercial motor vehicle transporting hazardous materials.

(8) A CLP may not be issued for a period to exceed one hundred eighty days. The department may renew the CLP for one additional one hundred eighty-day period without requiring the CLP holder to retake the general and endorsement knowledge examinations.

(9) The department must transmit the fees collected for CLPs to the state treasurer for deposit in the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 206, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Sec.**  RCW 46.25.060 and 2015 3rd sp.s. c 44 s 207 are each amended to read as follows:

(1)(a) No person may be issued a commercial driver's license unless that person:

(i) Is a resident of this state;

(ii) Has successfully completed a course of instruction in the operation of a commercial motor vehicle that has been approved by the director or has been certified by an employer as having the skills and training necessary to operate a commercial motor vehicle safely;

(iii) If he or she does not hold a valid commercial driver's license of the appropriate classification, has been issued a commercial learner's permit under RCW 46.25.052; and

(iv) Has passed a knowledge and skills examination for driving a commercial motor vehicle that complies with minimum federal standards established by federal regulation enumerated in 49 C.F.R. Part 383, subparts F, G, and H, in addition to other requirements imposed by state law or federal regulation. The department may not allow the person to take the skills examination during the first fourteen days after initial issuance of the person's commercial learner's permit. The examinations must be prescribed and conducted by the department.

(b) In addition to the fee charged for issuance or renewal of any license, the applicant shall pay a fee of no more than ten dollars until June 30, 2016, and thirty-five dollars beginning July 1, 2016, for the classified knowledge examination, classified endorsement knowledge examination, or any combination of classified license and endorsement knowledge examinations. The applicant shall pay a fee of no more than one hundred dollars until June 30, 2016, and two hundred fifty dollars beginning July 1, 2016, for each classified skill examination or combination of classified skill examinations conducted by the department.

(c) The department may authorize a person, including an agency of this or another state, an employer, a private driver training facility, or other private institution, or a department, agency, or instrumentality of local government, to administer the skills examination specified by this section under the following conditions:

(i) The examination is the same which would otherwise be administered by the state;

(ii) The third party has entered into an agreement with the state that complies with the requirements of 49 C.F.R. Sec. 383.75; and

(iii) The director has adopted rules as to the third party testing program and the development and justification for fees charged by any third party.

(d) If the applicant's primary use of a commercial driver's license is for any of the following, then the applicant shall pay a fee of no more than seventy-five dollars until June 30, 2016, and two hundred twenty-five dollars beginning July 1, 2016, for the classified skill examination or combination of classified skill examinations whether conducted by the department or a third-party tester:

(i) Public benefit not-for-profit corporations that are federally supported head start programs; or

(ii) Public benefit not-for-profit corporations that support early childhood education and assistance programs as described in RCW ((~~43.215.405(2)~~)) 43.216.505(2).

(e) Beginning July 1, 2016, if the applicant's primary use of a commercial driver's license is to drive a school bus, the applicant shall pay a fee of no more than one hundred dollars for the classified skill examination or combination of classified skill examinations conducted by the department.

(f) Beginning July 1, 2016, payment of the examination fees under this subsection entitles the applicant to take the examination up to two times in order to pass.

(2)(a) The department may waive the skills examination and the requirement for completion of a course of instruction in the operation of a commercial motor vehicle specified in this section for a commercial driver's license applicant who meets the requirements of 49 C.F.R. Sec. 383.77.

(b) An applicant who operates a commercial motor vehicle for agribusiness purposes is exempt from the course of instruction completion and employer skills and training certification requirements under this section. By January 1, 2010, the department shall submit recommendations regarding the continuance of this exemption to the transportation committees of the legislature. For purposes of this subsection (2)(b), "agribusiness" means a private carrier who in the normal course of business primarily transports:

(i) Farm machinery, farm equipment, implements of husbandry, farm supplies, and materials used in farming;

(ii) Agricultural inputs, such as seed, feed, fertilizer, and crop protection products;

(iii) Unprocessed agricultural commodities, as defined in RCW 17.21.020, where such commodities are produced by farmers, ranchers, vineyardists, or orchardists; or

(iv) Any combination of (b)(i) through (iii) of this subsection.

The department shall notify the transportation committees of the legislature if the federal government takes action affecting the exemption provided in this subsection (2)(b).

(3) A commercial driver's license or commercial learner's permit may not be issued to a person while the person is subject to a disqualification from driving a commercial motor vehicle, or while the person's driver's license is suspended, revoked, or canceled in any state, nor may a commercial driver's license be issued to a person who has a commercial driver's license issued by any other state unless the person first surrenders all such licenses, which must be returned to the issuing state for cancellation.

(4) The fees under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 207, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Sec.**  RCW 70.94.015 and 1998 c 321 s 33 are each amended to read as follows:

(1) The air pollution control account is established in the state treasury. All receipts collected by or on behalf of the department from RCW 70.94.151(2), and receipts from nonpermit program sources under RCW 70.94.152(1) and 70.94.154(7), and all receipts from RCW 70.94.650, 70.94.660, 82.44.020(2), and 82.50.405 shall be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only to develop and implement the provisions of chapters 70.94 and 70.120 RCW, including for expenditures consistent with section 6(2) of this act.

(2) The amounts collected and allocated in accordance with this section shall be expended upon appropriation except as otherwise provided in this section and in accordance with the following limitations:

Portions of moneys received by the department of ecology from the air pollution control account shall be distributed by the department to local authorities based on:

(a) The level and extent of air quality problems within such authority's jurisdiction;

(b) The costs associated with implementing air pollution regulatory programs by such authority; and

(c) The amount of funding available to such authority from other sources, whether state, federal, or local, that could be used to implement such programs.

(3) The air operating permit account is created in the custody of the state treasurer. All receipts collected by or on behalf of the department from permit program sources under RCW 70.94.152(1), 70.94.161, 70.94.162, and 70.94.154(7) shall be deposited into the account. Expenditures from the account may be used only for the activities described in RCW 70.94.152(1), 70.94.161, 70.94.162, and 70.94.154(7). Moneys in the account may be spent only after appropriation.

NEW SECTION. **Sec.**  Sections 2 through 7 of this act are each added to chapter 70.94 RCW and codified with the subchapter heading of "clean fuels."

**--- END ---**