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**ENGROSSED SUBSTITUTE SENATE BILL 6508**

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**State of Washington**

**59th Legislature**

**2006 Regular Session**

**By** Senate Committee on Water, Energy & Environment (originally sponsored by Senators Rasmussen, Poulsen, Kline, McCaslin, Brown, Oke, Schmidt, Swecker, Finkbeiner and Kohl-Welles; by request of Governor Gregoire)

READ FIRST TIME 02/02/06.

1       AN ACT Relating to developing minimum renewable fuel content  
2 requirements and fuel quality standards; amending RCW 19.112.020 and  
3 43.19.642; adding new sections to chapter 19.112 RCW; adding a new  
4 section to chapter 43.19 RCW; and creating a new section.

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

6       NEW SECTION. **Sec. 1.** The legislature finds that it is in the  
7 public interest to establish a market for alternative fuels in  
8 Washington. By requiring a growing percentage of our fuel supply to be  
9 renewable biofuel that meets appropriate fuel quality standards, we  
10 will reduce our dependence on imports of foreign oil, improve the  
11 health and quality of life for Washingtonians, and stimulate the  
12 creation of a new industry that benefits our farmers and rural  
13 communities.

14       NEW SECTION. **Sec. 2.** A new section is added to chapter 19.112 RCW  
15 to read as follows:

16       (1) Special fuel licensees under chapter 82.38 RCW, other than  
17 international fuel tax agreement licensees and special fuel  
18 distributors, shall provide evidence to the department of licensing

1 that at least two percent of total annual diesel fuel sales are  
2 biodiesel fuel sales, when the director determines that feedstock grown  
3 in Washington state can satisfy a two-percent requirement, or the date  
4 November 30, 2008, has passed.

5 (2) Special fuel licensees under chapter 82.38 RCW, other than  
6 international fuel tax agreement licensees and special fuel  
7 distributors, shall provide evidence to the department of licensing  
8 that at least five percent of total annual diesel fuel sales are  
9 biodiesel fuel sales, when the director determines that both in-state  
10 oil seed crushing capacity and feedstock grown in Washington state can  
11 satisfy a three-percent requirement.

12 (3) For the purposes of this chapter, "biodiesel fuel" has the  
13 meaning provided in RCW 82.29A.135.

14 (4) The director and the director of licensing shall adopt rules  
15 for enforcing and carrying out the purposes of this section.

16 NEW SECTION. **Sec. 3.** A new section is added to chapter 19.112 RCW  
17 to read as follows:

18 (1) Beginning December 1, 2008, all gasoline sold or offered for  
19 sale in Washington shall contain at least two percent denatured ethanol  
20 by volume.

21 (2) If the director of ecology determines that ethanol content  
22 greater than two percent will not jeopardize continued attainment of  
23 the federal clean air act's national ambient air quality standard for  
24 ozone pollution in Washington and the director of agriculture  
25 determines that sufficient raw materials are available within  
26 Washington to support economical production of ethanol at higher  
27 levels, the director of agriculture may require by rule that all  
28 gasoline sold or offered for sale in Washington shall contain up to a  
29 maximum of ten percent of denatured ethanol by volume. The director of  
30 agriculture shall allow blenders and retailers six months to meet the  
31 new minimum content requirement.

32 (3) The director of agriculture shall adopt rules for enforcing and  
33 carrying out the purposes of this section.

34 **Sec. 4.** RCW 19.112.020 and 1990 c 102 s 3 are each amended to read  
35 as follows:

1       (1) This chapter shall be administered by the director or his or  
2 her authorized agent.     ~~((For the purpose of administering this~~  
3 ~~chapter,))~~

4       (2) The director shall adopt rules for maintaining standards for  
5 biodiesel fuel or fuel blended with biodiesel fuel by adopting all or  
6 part of the standards set forth in the Annual Book of ASTM Standards  
7 and supplements ~~((thereto, and revisions thereof, are adopted)),~~  
8 amendments, or revisions thereof, all or part of the standards set  
9 forth in the National Institute of Standards and Technology (NIST)  
10 Handbook 130, Uniform Laws and Regulations in the areas of legal  
11 metrology and engine fuel quality rules, and any supplements,  
12 amendments, or revisions thereof, together with applicable federal  
13 environmental protection agency standards.     If a conflict exists  
14 between federal environmental protection agency standards, ASTM  
15 standards, or ~~((state))~~ NIST standards, for purposes of uniformity,  
16 federal environmental protection agency standards shall take precedence  
17 over ASTM and NIST standards.     ~~((Any state standards adopted must be~~  
18 ~~consistent with federal environmental protection agency standards and~~  
19 ~~ASTM standards not in conflict with federal environmental protection~~  
20 ~~agency standards.))~~ The department of agriculture shall not exceed ASTM  
21 standards for diesel.

22       (3) The director may establish a fuel testing laboratory or may  
23 contract with a laboratory for testing. The director may also adopt  
24 rules on false and misleading advertising, labeling and posting of  
25 prices, and the standards for, and identity of, motor fuels.     The  
26 director shall require fuel pumps offering biodiesel and ethanol blends  
27 to be identified by a label stating the percentage of biodiesel or  
28 ethanol.

29       NEW SECTION. Sec. 5. A new section is added to chapter 19.112 RCW  
30 to read as follows:

31       The director shall establish a biofuels advisory committee to  
32 advise the director on implementing or suspending the minimum renewable  
33 fuel content requirements. The committee shall advise the director on  
34 applicability to all users; logistical, technical, and economic issues  
35 of implementation; and how the use of renewable fuel blends greater  
36 than two percent could achieve the goals of this act. The director

1 shall make recommendations to the legislature and the governor on the  
2 implementation or suspension of this act by September 1, 2007.

3 **Sec. 6.** RCW 43.19.642 and 2003 c 17 s 2 are each amended to read  
4 as follows:

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

8 (2) Effective June 1, 2006, for agencies complying with the ultra-  
9 low sulfur diesel mandate of the United States environmental protection  
10 agency for on-highway diesel fuel, agencies shall use biodiesel as an  
11 additive to ultra-low sulfur diesel for lubricity, provided that the  
12 use of a lubricity additive is warranted and that the use of biodiesel  
13 is comparable in performance and cost with other available lubricity  
14 additives. The amount of biodiesel added to the ultra-low sulfur  
15 diesel fuel shall be not less than two percent.

16 (3) Effective June 1, 2009, all state agencies are required to use  
17 a minimum of twenty percent biodiesel as compared to total volume of  
18 all diesel purchases made by the agency for the operation of the  
19 agency's diesel-powered vehicles and construction equipment.

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

24 **NEW SECTION. Sec. 7.** A new section is added to chapter 43.19 RCW  
25 to read as follows:

26 (1) The department of general administration must assist state  
27 agencies seeking to meet the biodiesel fuel mandates in RCW 43.19.642  
28 by coordinating the purchase and delivery of biodiesel if requested by  
29 any state agency. The department may use long-term contracts of up to  
30 ten years to secure a sufficient and stable supply of biodiesel for use  
31 by state agencies.

32 (2) The department shall compile and analyze the reports submitted  
33 under RCW 43.19.642(4) and report its findings and recommendations to  
34 the governor and legislature within thirty days from the end of each  
35 reporting period. The governor shall consider these reports in

1 determining whether to temporarily suspend minimum renewable fuel  
2 content requirements as authorized under section 10 of this act.

3 NEW SECTION. **Sec. 8.** A new section is added to chapter 19.112 RCW  
4 to read as follows:

5 The governor, by executive order, may suspend all or portions of  
6 the minimum renewable fuel content requirements in section 2 or 3 of  
7 this act, or both, based on a determination that such requirements are  
8 temporarily technically or economically infeasible.

9 NEW SECTION. **Sec. 9.** A new section is added to chapter 19.112 RCW  
10 to read as follows:

11 (1) By November 30, 2008, the director shall determine whether the  
12 state's diesel fuel supply is comprised of at least ten percent  
13 biodiesel made predominantly from Washington feedstock, and whether the  
14 goals of section 2 of this act have been achieved.

15 (2) By November 30, 2008, the director shall determine whether the  
16 state's gasoline fuel supply is comprised of at least five percent  
17 ethanol made predominantly from Washington feedstock, without  
18 jeopardizing continued attainment of the federal clean air act's  
19 national ambient air quality standard for ozone pollution, and whether  
20 the goals of section 3 of this act have been achieved.

21 (3) By December 1, 2008, the director shall notify the governor and  
22 the legislature of the findings in subsections (1) and (2) of this  
23 section.

24 (4) If the findings from the director indicate that the goals of  
25 section 2 or 3 of this act, or both, have been achieved, then the  
26 governor shall issue an executive order declaring that section 2 or 3  
27 of this act, or both, are no longer applicable.

28 NEW SECTION. **Sec. 10.** A new section is added to chapter 19.112  
29 RCW to read as follows:

30 (1) If either or both of the goals in sections 2 and 3 of this act  
31 are not achieved by November 30, 2008, the director shall monitor the  
32 state's diesel and gasoline fuel supply until such time as those goals,  
33 or either of them, is met.

34 (2) The director shall report to the governor and the legislature  
35 November 30th of the year in which a goal is met.

1           (3) Following notification under this section that a goal has been  
2 met, the governor shall prepare executive request legislation repealing  
3 section 2 or 3 of this act, or both, as applicable.

4           NEW SECTION.   **Sec. 11.** A new section is added to chapter 19.112  
5 RCW to read as follows:

6           For the purposes of sections 2 through 10 of this act, "diesel"  
7 means special fuel as defined in RCW 82.38.020, and dyed special fuel  
8 as defined in 26 C.F.R. Sec. 48.4082-1T as of October 24, 2005.

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