## (DIGEST AS ENACTED)

Provides that, to reduce fossil fuel dependence and build our clean energy economy, the state should develop policies and incentives that help businesses, consumers, and farmers gain greater access to affordable clean fuels and vehicles and to produce clean fuels in the state. These policies and incentives should include: (1) Incentives for replacement of the most polluting diesel engines, especially in school buses;

- (2) Transitional incentives for development of the most promising in-state clean fuels and fuel feedstocks, including biodiesel crops and ethanol from plant waste;
  - (3) Reduced fossil fuel consumption by state fleets;
- (4) Development of promising new technologies for displacing petroleum with electricity, such as "plug-in hybrids"; and
- (5) Impact analysis and emission accounting procedures that prepare Washington to respond and prosper as global warming impacts occur and as policies and markets to reduce global warming pollution are developed.

Finds that it is not cost-effective to retrofit much older buses because of their mechanical condition and very high emissions. Replacement with new, ultra-low emission buses, beginning with the model year 2007, is the most effective means to nearly eliminate the toxic emissions generated by the use of these older buses. In addition, newer buses are safer, more reliable, provide significantly higher fuel economy, and have lower overall operating costs. An incentive program to accelerate purchase of newer buses and replacement of older buses will more quickly achieve these gains and result in a lower health risk to children.

Requires the office of the superintendent of public instruction to implement a school bus replacement incentive program. As part of the program, the office shall fund up to ten percent of the cost of a new 2007 or later model year school bus purchased by a school district by no later than June 30, 2009, provided that the new bus is replacing a 1994 or older school bus in the school district's fleet. Replacement of the oldest buses must be given highest priority.

Directs the office of the superintendent of public instruction to ensure that buses being replaced through this program are surplused under RCW 28A.335.180.

Finds that the development of a Washington-based feedstock agricultural and forest products market is highly desirable for producing biodiesel and ethanol. Research and incentive programs are needed to develop a market in Washington to produce cellulosic ethanol from wood waste and

other organic materials. Cellulosic ethanol is a preferred biofuel because it provides much greater reductions in petroleum dependence and carbon emissions as compared to starch-based ethanol.

Declares it is important for the state of Washington to develop a complete supply chain infrastructure that allows the state government, including its local government subdivisions, to supply its complete fuel needs with biofuels produced from feedstocks completely produced in Washington. The goal of suppling one hundred percent of state and local government's fuel needs with biofuels should be a reality by 2015.

Finds that it is important for the state of Washington to participate in emerging regional, national, and international markets to mitigate climate change.

VETO MESSAGE ON E2SHB 1303

May 7, 2007

To the Honorable Speaker and Members, The House of Representatives of the State of Washington Ladies and Gentlemen:

I am returning, without my approval as to Section 306, Engrossed Second Substitute House Bill 1303 entitled:

"AN ACT Relating to providing for the means to encourage the use of cleaner energy thereby providing for healthier communities by reducing emissions."

Section 306 of this bill adds to the existing reporting requirements of the energy Freedom Program. Given the expanded scope of that program, and the existence of the same reporting requirements for Washington State University (WSU) in Section 402 of the bill, I am vetoing Section 306. I am confident WSU will work closely with Department of Community Trade and Economic Development (CTED) to report the information the Legislature is seeking about biofuels within our state.

For these reasons, I have vetoed Section 306 of Engrossed Second Substitute House Bill 1303.

With the exception of Section 306, Engrossed Second Substitute House Bill 1303 is approved.

Respectfully submitted, Christine O. Gregoire Governor