

# FINAL BILL REPORT

## SHB 2422

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Synopsis as Enacted

**Brief Description:** Supporting the development of aviation biofuels production.

**Sponsors:** House Committee on Technology, Energy & Communications (originally sponsored by Representatives Billig, Haler, Stanford, McCoy, Maxwell, Eddy, Nealey, Crouse, Probst, Liias, Parker, Van De Wege, Upthegrove, Ormsby, Kenney, Morris and Moscoso).

**House Committee on Technology, Energy & Communications**  
**House Committee on Capital Budget**  
**Senate Committee on Energy, Natural Resources & Marine Waters**

**Background:**

Sustainable Aviation Fuels Northwest.

Sustainable Aviation Fuels Northwest (SAFN) is the regional stakeholder effort to explore the opportunities and challenges surrounding the production of sustainable aviation fuels. Led by Alaska Airlines, the Boeing Company, the Ports of Seattle, Portland, and Spokane, and the Washington State University, the SAFN includes more than 40 organizations ranging across aviation, biofuels production, environmental advocacy, agriculture, forestry, federal and state government agencies, academic research, and technical consultancies. In May 2011 the SAFN released a report which concluded, among other things, that the Northwest offers significant assets to meet a portion of jet fuel demands from sustainable regional feedstocks.

State Energy Strategy.

The 2012 State Energy Strategy, prepared by the Department of Commerce (Department), is designed to promote a clean energy economy, competitive energy prices, and lower greenhouse gas emissions. Among other things, the strategy highlights Washington's unique opportunity to become a hub for the production and use of sustainable biofuels for aviation.

Project of Statewide Significance.

Since 1997 a statutory process has existed to expedite completion of projects of statewide significance. These projects include: (1) border crossings that involve private and public investments in conjunction with adjacent states or provinces; (2) development projects with net environmental benefits; (3) development projects furthering commercialization of innovations; and (4) private industrial development with investment in manufacturing or research and development.

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*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.*

To be designated by the Department as a project of statewide significance, the project must meet certain criteria, including requirements related to capital investment, job creation, or merit because of impacts on the economic circumstances of a county, innovation activities, or the environment. In rural counties, the projected number of full-time jobs to be created must be 50 or more. In non-rural counties, the projected number of full-time jobs must be 100 or more.

To apply for designation, a project proponent's application must be accompanied by a letter of approval from the local jurisdiction. The letter of approval must state that the local jurisdiction joins in the request and has or will hire the staff required to expedite the process. Local officials must enter in an agreement with the Office of Regulatory Assistance (ORA) that includes provisions for expedited permit processing, expedited environmental review, and local participation on the team assembled by the ORA.

#### Washington State Housing Finance Commission.

The Washington State Housing Finance Commission (HFC) was created by the Legislature to assist in making affordable and decent housing available throughout the state. Federal law authorizes state housing finance agencies to issue tax-exempt revenue bonds to fund low-cost housing assistance. The HFC does not use public funds, nor does it lend the credit of the state. The HFC has a \$6 billion statutory debt limit and currently has \$3.8 billion in outstanding indebtedness. In 2009 legislation authorized the HFC, if economically feasible, to issue bonds that may be used to provide financing for energy efficiency and renewable energy improvement projects.

#### **Summary:**

##### Projects of Statewide Significance.

Aviation biofuels production facilities are added to the definition of "project of statewide significance." However, aviation biofuels production facilities are exempted from meeting project of statewide significance qualification requirements relating to the amount of capital investment, the level of post-construction employment, or the designation of the facility by the Department as a project of statewide significance.

##### Washington State Housing Finance Commission.

The HFC is authorized to issue bonds, make or purchase loans, or enter into financing documents for the purpose of financing facilities that are primarily for the production, processing, or handling of aviation biofuels or the nonfossil biogenic feedstocks of such fuels. Financing documents are defined as a lease, sublease, installment sale agreement, conditional sale agreement, loan agreement, mortgage, deed of trust guaranty agreement, or other agreement for the purpose of providing funds to pay or secure debt service on bonds.

##### Innovate Washington.

Innovate Washington is directed to convene a Sustainable Aviation Biofuels Work Group (Work Group). The purpose of the Work Group is to: (1) further the development of sustainable aviation fuel as a productive industry in Washington, using as a foundation the regional assessment prepared by the collaborative known as the SAFN; (2) facilitate communication and coordination among aviation biofuels stakeholders; (3) provide a forum

for discussion and problem solving regarding potential and current barriers related to technology development, production, distribution, supply chain development, and commercialization of aviation biofuels; and (4) provide recommendations to the Legislature on potential legislation that will facilitate the technology development, production, distribution, and commercialization of aviation biofuels.

The Work Group must provide an annual update of its findings and recommendations to the Governor and the appropriate committees of the Legislature by December 1 of each year through 2014. The Work Group expires June 30, 2015.

**Votes on Final Passage:**

House	86	11
Senate	45	4

**Effective:** June 7, 2012