AN ACT Relating to providing for the means to encourage the use of cleaner energy thereby providing for healthier communities by reducing emissions; amending RCW 46.68.020, 53.08.040, 70.94.017, 19.112.010, 19.112.120, 82.04.4334, and 82.08.955; adding a new section to chapter 28A.300 RCW; adding a new section to chapter 15.110 RCW; adding a new section to chapter 19.112 RCW; adding new sections to chapter 43.19 RCW; adding a new section to chapter 43.01 RCW; adding new sections to chapter 43.31 RCW; adding a new section to chapter 43.135 RCW; adding a new section to chapter 28B.30 RCW; creating new sections; prescribing penalties; and making appropriations.

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

NEW SECTION. Sec. 1. (1) The legislature finds that excessive dependence on fossil fuels jeopardizes Washington's economic security, environmental integrity, and public health. Accelerated development and use of clean fuels and clean vehicle technologies will reduce the drain on Washington's economy from importing fossil fuels. As fossil fuel prices rise, clean fuels and vehicles can save money for consumers while promoting the development of a major, sustainable industry that provides good jobs and a new source of rural prosperity.
Clean fuels and vehicles will protect public health by reducing toxic air pollution and reduce our largest source of global warming pollution. The state must better understand and prepare for the effects of global warming and the challenges and opportunities associated with evolving climate policies and carbon markets.

(3) 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: Incentives for replacement of the most polluting diesel engines, especially in school buses; transitional incentives for development of the most promising in-state clean fuels and fuel feedstocks, including biodiesel crops and ethanol from plant waste; reduced fossil fuel consumption by state fleets; development of promising new technologies for displacing petroleum with electricity, such as "plug-in hybrids"; and 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.

PART 1
CLEAN DIESEL INITIATIVE

NEW SECTION. Sec. 101. (1) The legislature finds that fine particle air pollution attributable to diesel fuel is a significant health hazard to school children and other residents in our state. Sources of diesel emissions include diesel-powered trucks, buses and cars, diesel-powered marine vessels, construction equipment, trains, aircraft support equipment, cargo handling equipment, and a variety of other on and off-road engines. Reducing fine particles and toxic emissions reduces the adverse health impacts on children, reduces cancer risk, and reduces the incidence and severity of asthma attacks and chronic bronchitis. Reducing diesel emissions will also aid areas of the state facing potential nonattainment of new fine particle standards established by the United States environmental protection agency and help avoid the adverse health and economic impacts of nonattainment.
(2) Under the current Washington state clean school bus program, approximately seven thousand five hundred diesel school buses, over three-quarters of the existing fleet statewide, will be retrofitted by 2008. Reduced exhaust emissions from these retrofitted buses provide cleaner air to breathe for the children riding the buses and the citizens in the communities served by the buses.

(3) The legislature 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.

(4) Even with new federal diesel fuel and engine standards going into effect in 2006 and 2007, and due to the long life of diesel engines, diesel emissions will continue to be an air pollution concern for many years.

(5) Many public and private fleets continue to use diesel equipment that has not been retrofitted to reduce emissions. Therefore, the legislature finds that it is important to continue to take measures to reduce diesel emissions in our state so we protect the health of our citizens and create healthier communities. Reducing diesel emissions will also allow continued growth in major ports in the state by maintaining air quality within federal standards.

NEW SECTION. Sec. 102. A new section is added to chapter 28A.300 RCW to read as follows:

(1) The office of the superintendent of public instruction shall 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.
(2) The office of the superintendent of public instruction shall ensure that buses being replaced through this program are surplused under RCW 28A.335.180. As part of the surplus process, school districts must provide written documentation to the office of the superintendent of public instruction demonstrating that buses being replaced are scrapped and not purchased for road use. The documentation must include bus make, model, year, vehicle identification number, engine make, engine serial number, and salvage yard receipts; and must demonstrate that the engine and body of the bus being replaced has been rendered unusable.

(3) Any person who violates any of the provisions of this section may incur a civil penalty as provided under RCW 70.94.431.

NEW SECTION. Sec. 103. The sum of five million dollars, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 2009, from the clean energy incentive account created in section 601 of this act to the office of the superintendent of public instruction for the purposes of section 102 of this act.

Sec. 104. RCW 46.68.020 and 2004 c 200 s 3 are each amended to read as follows:

The director shall forward all fees for certificates of ownership or other moneys accruing under the provisions of chapter 46.12 RCW to the state treasurer, together with a proper identifying detailed report. The state treasurer shall credit such moneys as follows:

(1) The fees collected under RCW 46.12.040(1) and 46.12.101(6) shall be credited to the multimodal transportation account in RCW 47.66.070.

(2)(a) Beginning July 27, 2003, and until July 1, 2020, the fees collected under RCW 46.12.080, 46.12.101(3), 46.12.170, and 46.12.181 shall be credited as follows:

(i) 58.12 percent shall be credited to a segregated subaccount of the air pollution control account in RCW 70.94.015;

(ii) 16.60 percent shall be credited to the vessel response account created in RCW 90.56.335; and

(iii) The remainder shall be credited into the transportation 2003 account (nickel account).
Beginning July 1, 2020, and thereafter, the fees collected under RCW 46.12.080, 46.12.101(3), 46.12.170, and 46.12.181 shall be credited to the transportation 2003 account (nickel account).

The fees collected under RCW 46.12.040(3) and 46.12.060 shall be credited to the motor vehicle account.

Sec. 105. RCW 53.08.040 and 1989 c 298 s 1 are each amended to read as follows:

A district may improve its lands by dredging, filling, bulkheading, providing waterways or otherwise developing such lands for industrial and commercial purposes. A district may also acquire, construct, install, improve, and operate sewer and water utilities to serve its own property and other property owners under terms, conditions, and rates to be fixed and approved by the port commission. A district may also acquire, by purchase, construction, lease, or in any other manner, and may maintain and operate other facilities for the control or elimination of air, water, or other pollution, including, but not limited to, facilities for the treatment and/or disposal of industrial wastes, and may make such facilities available to others under terms, conditions and rates to be fixed and approved by the port commission. Such conditions and rates shall be sufficient to reimburse the port for all costs, including reasonable amortization of capital outlays caused by or incidental to providing such other pollution control facilities:

Provided, That no part of such costs of providing any pollution control facility to others shall be paid out of any tax revenues of the port:

And provided further, That no port shall enter into an agreement or contract to provide sewer and/or water utilities or pollution control facilities if substantially similar utilities or facilities are available from another source (or sources) which is able and willing to provide such utilities or facilities on a reasonable and nondiscriminatory basis unless such other source (or sources) consents thereto.

In the event that a port elects to make such other pollution control facilities available to others, it shall do so by lease, lease purchase agreement, or other agreement binding such user to pay for the use of said facilities for the full term of the revenue bonds issued by the port for the acquisition of said facilities, and said payments shall at least fully reimburse the port for all principal and interest.
paid by it on said bonds and for all operating or other costs, if any, incurred by the port in connection with said facilities: PROVIDED, HOWEVER, That where there is more than one user of any such facilities, each user shall be responsible for its pro rata share of such costs and payment of principal and interest. Any port intending to provide pollution control facilities to others shall first survey the port district to ascertain the potential users of such facilities and the extent of their needs. The port shall conduct a public hearing upon the proposal and shall give each potential user an opportunity to participate in the use of such facilities upon equal terms and conditions.

"Pollution control facility," as used in this section and RCW 53.08.041, does not include air quality improvement equipment that provides emission reductions for engines, vehicles, and vessels.

Sec. 106. RCW 70.94.017 and 2005 c 295 s 5 are each amended to read as follows:

(1) Money deposited in the segregated subaccount of the air pollution control account under RCW 46.68.020(2) shall be distributed as follows:

(a) Eighty-five percent shall be distributed to air pollution control authorities created under this chapter. The money must be distributed in direct proportion with the amount of fees imposed under RCW 46.12.080, 46.12.170, and 46.12.181 that are collected within the boundaries of each authority. However, an amount in direct proportion with those fees collected in counties for which no air pollution control authority exists must be distributed to the department.

(b) The remaining fifteen percent shall be distributed to the department.

(2) Money distributed to air pollution control authorities and the department under subsection (1) of this section must be used as follows:

(a) Eighty-five percent of the money received by an air pollution control authority or the department is available on a priority basis to retrofit school buses with exhaust emission control devices or to provide funding for fueling infrastructure necessary to allow school bus fleets to use alternative, cleaner fuels. In addition, the director of ecology or the air pollution control officer may direct
funding under this section for other publicly or privately owned diesel
equipment if the director of ecology or the air pollution control
officer finds that funding for other publicly or privately owned diesel
equipment will provide public health benefits and further the purposes
of this chapter.

(b) The remaining fifteen percent may be used by the air pollution
control authority or department to reduce transportation-related air
contaminant emissions and clean up air pollution, or reduce and monitor
toxic air contaminants.

(3) Money in the air pollution control account may be spent by the
department only after appropriation.

(4) This section expires July 1, 2020.

PART 2
CLEAN FUELS INITIATIVE

NEW SECTION. Sec. 201. (1) The legislature finds that the
development of a Washington state-based feedstock agricultural 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.

(2) It is important for the state of Washington to develop E85
fueling stations for flex-fuel vehicles, which can use either unleaded
gasoline or eighty-five percent ethanol blends. E85 is superior to
lower percentage ethanol blends from an air quality and carbon
perspective.

NEW SECTION. Sec. 202. A new section is added to chapter 15.110
RCW to read as follows:

(1) Cellulosic ethanol production facilities are eligible for
assistance under the energy freedom program.

(2) For the purposes of this section, "cellulosic ethanol" means
ethanol derived from any lignocellulosic or hemicellulosic matter that
is available on a renewable or recurring basis, including dedicated
energy crops and trees, wood and wood residues, plants, grasses, agricultural residues, fibers, animal wastes and other waste materials, and municipal solid waste.

NEW SECTION. Sec. 203. A new section is added to chapter 19.112 RCW to read as follows:

(1) In addition to any other authority provided by law, conservation districts and public development authorities are authorized to enter into crop purchase contracts for a dedicated energy crop for the purposes of producing, selling, and distributing biodiesel produced from Washington state feedstocks, cellulosic ethanol, and cellulosic ethanol blend fuels.

(2) In addition to any other authority provided by law, electric utilities are authorized to produce and distribute biodiesel, ethanol, and ethanol blend fuels, including entering into crop purchase contracts for a dedicated energy crop for the purpose of generating electricity or producing biodiesel produced from Washington state feedstocks, cellulosic ethanol, and cellulosic ethanol blend fuels for use in internal operations of the electric utility and for sale or distribution.

NEW SECTION. Sec. 204. A new section is added to chapter 43.19 RCW to read as follows:

(1) The department of general administration may contract in advance and execute contracts with public or private producers, suppliers, or other parties, for the purchase of biodiesel, ethanol, and ethanol blend fuels that include provisions for items including, but not limited to, fuel standards, crop origin, price, and delivery date.

(2) The department of general administration may combine the needs of local government agencies, including ports, special districts, school districts, and municipal corporations, for the purposes of executing biodiesel, ethanol, and ethanol blend fuels contracts and to secure a sufficient and stable supply of alternative fuels.

(3) The department of general administration shall develop E85 and biodiesel fueling stations for state and local fleets, and these stations must also be open to the public.
Sec. 205. RCW 19.112.010 and 2006 c 338 s 15 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Biodiesel fuel" means the monoalkyl esters of long chain fatty acids derived from plant or animal matter that meet the registration requirements for fuels and fuel additives established by the federal environmental protection agency and standards established by the American society of testing and materials.

(2) "Diesel" means special fuel as defined in RCW 82.38.020, and diesel fuel dyed in accordance with the regulations in 26 C.F.R. Sec. 48.4082-1T as of October 24, 2005.

(3) "Director" means the director of agriculture.

(4) "E85 motor fuel" means an alternative fuel that is a blend of denatured ethanol and hydrocarbon that typically contains eighty-five percent ethanol by volume, but at a minimum must contain seventy percent ethanol by volume, and complies with ASTM specification D5798-99.

(5) "Motor fuel" means any liquid product used for the generation of power in an internal combustion engine used for the propulsion of a motor vehicle upon the highways of this state, and any biodiesel fuel. Motor fuels containing ethanol may be marketed if either (a) the base motor fuel meets the applicable standards before the addition of the ethanol or (b) the resultant blend meets the applicable standards after the addition of the ethanol.

Sec. 206. RCW 19.112.120 and 2006 c 338 s 3 are each amended to read as follows:

(1) By December 1, 2008, motor vehicle fuel licensees under chapter 82.36 RCW, other than motor vehicle fuel distributors, shall provide evidence to the department of licensing that at least two percent of total gasoline sold in Washington, measured on a quarterly basis, is denatured ethanol.

(2) If the director of ecology determines that ethanol content greater than two percent of the total gasoline sold in Washington will not jeopardize continued attainment of the federal clean air act's national ambient air quality standard for ozone pollution in Washington and the director of agriculture determines and publishes this
determination in the Washington State Register that sufficient raw materials are available within Washington to support economical production of ethanol at higher levels, the director of agriculture may require by rule that licensees provide evidence to the department of licensing that denatured ethanol comprises between two percent and at least ten percent of total gasoline sold in Washington, measured on a quarterly basis.

(3) The requirements of subsections (1) and (2) of this section shall take effect no sooner than one hundred eighty days after the determination has been published in the Washington State Register.

(4) The director and the director of licensing shall each adopt rules, in coordination with each other, for enforcing and carrying out the purposes of this section.

(5) Nothing in this section is intended to prohibit the production, sale, or use of motor fuel for use in federally designated flexibly fueled vehicles capable of using (up to eighty-five percent ethanol) E85 motor fuel (blends). Nothing in this section is intended to limit the use of high octane gasoline not blended with ethanol for use in aircraft.

Sec. 207. RCW 82.04.4334 and 2003 c 63 s 1 are each amended to read as follows:

(1) In computing tax there may be deducted from the measure of tax amounts received from the retail sale, or for the distribution, of:

(a) Biodiesel fuel; or

(b) ((Alcohol fuel, if the alcohol)) E85 motor fuel ((is at least eighty-five percent of the volume of the fuel being sold or distributed)).

(2) For the purposes of this section and RCW 82.08.955 and 82.12.955, the following definitions apply:

(a) "Biodiesel fuel" means a mono alkyl ester of long chain fatty acids derived from vegetable oils or animal fats for use in compression-ignition engines and that meets the requirements of the American society of testing and materials specification D 6751 in effect as of January 1, 2003.

(b) (("Alcohol fuel" means any alcohol made from a product other than petroleum or natural gas, which is used alone or in combination with gasoline or other petroleum products for use as a fuel for motor

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vehicles, farm implements and machines, or implements of husbandry))
"E85 motor fuel" means an alternative fuel that is a blend of denatured
ethanol and hydrocarbon that typically contains eighty-five percent
ethanol by volume, but at a minimum must contain seventy percent
ethanol by volume, and complies with ASTM specification D5798-99.
(c) "Distribution" means any of the actions specified in RCW
82.36.020(2).
(3) This section expires July 1, 2009.

Sec. 208. RCW 82.08.955 and 2003 c 63 s 2 are each amended to read
as follows:
(1) The tax levied by RCW 82.08.020 does not apply to sales of
machinery and equipment, or to services rendered in respect to
constructing structures, installing, constructing, repairing, cleaning,
decorating, altering, or improving of structures or machinery and
equipment, or to sales of tangible personal property that becomes an
ingredient or component of structures or machinery and equipment, if
the machinery, equipment, or structure is used directly for the retail
sale of a biodiesel ((or alcohol fuel)) blend or E85 motor fuel.
Structures and machinery and equipment that are used for the retail
sale of a biodiesel ((or alcohol fuel)) blend or E85 motor fuel and for
other purposes are exempt only on the portion used directly for the
retail sale of a biodiesel ((or alcohol fuel)) blend or E85 motor fuel.
(2) The tax levied by RCW 82.08.020 does not apply to sales of fuel
delivery vehicles or to sales of or charges made for labor and services
rendered in respect to installing, repairing, cleaning, altering, or
improving the vehicles including repair parts and replacement parts if
at least seventy-five percent of the fuel distributed by the vehicles
is a biodiesel ((or alcohol fuel)) blend or E85 motor fuel.
(3) A person taking the exemption under this section must keep
records necessary for the department to verify eligibility under this
section. The exemption is available only when the buyer provides the
seller with an exemption certificate in a form and manner prescribed by
the department. The seller shall retain a copy of the certificate for
the seller's files.
(4) For the purposes of this section, the definitions in RCW
82.04.4334 and this subsection apply.
(a) ("Alcohol fuel blend" means fuel that contains at least eighty-five percent alcohol fuel by volume. 

(b)) "Biodiesel blend" means fuel that contains at least twenty percent biodiesel fuel by volume.

(b) "E85 motor fuel" means an alternative fuel that is a blend of denatured ethanol and hydrocarbon that typically contains eighty-five percent ethanol by volume, but at a minimum must contain seventy percent ethanol by volume, and complies with ASTM specification D5798-99.

(c) "Machinery and equipment" means industrial fixtures, devices, and support facilities and tangible personal property that becomes an ingredient or component thereof, including repair parts and replacement parts that are integral and necessary for the delivery of biodiesel (or alcohol fuel) blends or E85 motor fuel into the fuel tank of a motor vehicle.

(5) This section expires July 1, 2009.

PART 3
ESTABLISH GOALS FOR EMISSION REDUCTION
OF THE STATE'S MOTOR VEHICLE FLEETS

NEW SECTION. Sec. 301. The legislature finds that there is a compelling public interest in reducing fossil fuel dependence and emissions of global warming pollution. It is important for the state of Washington to demonstrate leadership in this regard and achieve reductions in the use of fossil fuels by state fleets.

NEW SECTION. Sec. 302. A new section is added to chapter 43.19 RCW to read as follows:

(1) By no later than January 1, 2020, the annual fossil fuel usage by the state's motor vehicle fleets must be at least twenty-five percent below the annual usage for the year 2006.

(2) When tires on vehicles in the state's motor vehicle fleet are replaced, they must be replaced with tires that have the same or better rolling resistance as the original tires.

(3) The governor shall report to the legislature at the beginning of each biennium until January 1, 2020, on progress towards meeting the goals in this section and any barriers to achieving the goals.
(4) The governor may designate funds from the clean energy incentive account created in section 601 of this act to state agencies for the purpose of assisting state agencies in meeting the goals of this section.

**NEW SECTION.** Sec. 303. A new section is added to chapter 43.01 RCW to read as follows:

It is in the state's interest and to the benefit of the people of the state to encourage the use of electrical vehicles in order to reduce emissions and provide the public with cleaner air. This section expressly authorizes the purchase of power at state expense to recharge privately and publicly owned plug-in electrical vehicles at state office locations where the vehicles are used for state business, are commute vehicles, or where the vehicles are at the state location for the purpose of conducting business with the state.

**PART 4**

**VEHICLE ELECTRIFICATION WORK GROUP**

**NEW SECTION.** Sec. 401. (1) The legislature finds that it is in the state's interest and to the benefit of the people of the state to encourage the use of electrical vehicle technology that will reduce fossil fuel dependence and toxic air pollution. Displacing petroleum with electricity will keep more energy expenditures and jobs in Washington's economy instead of being lost to fossil fuel imports.

(2) Motor vehicles produce more than half of the global warming pollution in the state of Washington. Reducing the use of fossil fuels through alternatives such as electrification is one of the most practical, beneficial climate solutions available to the state and its citizens.

(3) The legislature finds that cleaner fuels and vehicles, including vehicles that use electricity, can help the state achieve better public health, increased energy security, and substantial economic benefits.

**NEW SECTION.** Sec. 402. (1) The vehicle electrification work group is established. Members of the group must be appointed by the governor and must include representatives of state and local government
agencies, ports, private and public electrical power utilities, environmental interests, regional air quality agencies, and other stakeholder groups. Staff for the work group must be provided by the department of community, trade, and economic development and the office of the governor, with additional staff to be provided by other state agencies and the legislature, as may be required or requested.

(2) The vehicle electrification work group shall review, study, evaluate, and make recommendations on at least the following items:

(a) Use by the state of plug-in hybrid vehicles and developing plug-in availability at state locations;
(b) Incentives to encourage the use of plug-in truck auxiliary power units and truck stop electrification;
(c) Use of plug-in shore power for cargo and cruise ship terminals;
(d) Potential uses for and availability of plug-in hybrid school buses;
(e) Potential electrical grid impacts on electrical power consumption of the conversion of a meaningful portion of the state's private and public fleet to plug-in electrical power;
(f) Tax and fee incentives to encourage individual and fleet purchases of plug-in hybrid vehicles;
(g) State laws, rules, tariffs, and policies that impact transportation electrification and plug-in adoption, including pricing with incentives for off-peak charging;
(h) Measures to encourage the use of plug-in vehicles by public fleets, and resulting cost savings;
(i) Explore the potential for the use of electrification of fixed transit routes for magnetic levitation propulsion systems;
(j) Actions by the state to help industries located in the state participate in developing and manufacturing plug-in vehicles and vehicle-to-grid technologies;
(k) Additional ways the state can promote transportation electrification in the private and public sectors, including cars and light-duty vehicles, and truck stop and port electrification; and
(l) Potential partners for vehicle-to-grid pilot projects that test the use of parked plug-in vehicles for power grid energy storage and support.

(3) The vehicle electrification work group must complete its work by December 1, 2008. The work group must submit an interim report to
the governor stating its findings, conclusions, and interim recommendations by December 1, 2007. The group must submit a final report to the governor stating its findings, conclusions, and final recommendations by December 1, 2008.

NEW SECTION. Sec. 403. The sum of five hundred thousand dollars, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 2009, from the clean energy incentive account created in section 601 of this act to the department of community, trade, and economic development for the purposes of staffing the vehicle electrification work group and providing research to carry out the work of the group.

PART 5

PLANNING FOR THE FUTURE

NEW SECTION. Sec. 501. (1) The legislature finds that climate change is expected to have significant impacts in the Pacific Northwest region in the near and long-term future. These impacts include, among other things, increased temperatures, declining snowpack, more frequent heavy rainfall and flooding, receding glaciers, rising sea levels, increased risks to public health due to insect and rodent-borne diseases, declining salmon populations, and increased drought and risk of forest fires.

(2) The legislature recognizes the need at this time to continue to gather and analyze information related to climate protection. This will allow prudent steps to be taken to avoid, mitigate, or respond to climate impacts and protect our communities.

(3) The analysis of the health impacts of climate protection is needed to help prepare the state for and avoid health impacts such as West Nile virus and respiratory disease. At the same time, this analysis will contribute to our strategic thinking and planning for the impacts of climate change.

(4) The legislature finds that it is important for the state of Washington to participate in emerging regional, national, and international markets to mitigate climate change. The state has a strong interest in ensuring that climate policies and emission markets are designed to appropriately recognize our unique energy assets.
Further, the legislature recognizes that any market system related to climate protection must be based on credible and durable accounting principles and have equally applicable rules across sectors in order to promote economically and environmentally effective trading.

NEW SECTION. Sec. 502. The sum of two hundred fifty thousand dollars, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 2009, from the clean energy incentive account created in section 601 of this act to the department of health for the purposes of contracting for an analysis of the potential human health impacts of global warming on the state of Washington.

NEW SECTION. Sec. 503. The sum of five hundred thousand dollars, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 2009, from the clean energy incentive account created in section 601 of this act to the department of community, trade, and economic development for the purposes of developing and recommending a framework for the state of Washington to participate in emerging regional, national, and global markets to mitigate climate change, on a multisector basis, including the forest sector. This framework must include, but not be limited to, credible, verifiable, replicable inventory and accounting methodologies for each sector involved.

PART 6
CLEAN ENERGY INCENTIVE ACCOUNT

NEW SECTION. Sec. 601. A new section is added to chapter 43.31 RCW to read as follows:

The clean energy incentive account is created in the state treasury. All receipts from appropriations made to the account must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for the purposes of this act.

NEW SECTION. Sec. 602. The sum of twenty million dollars, or as much thereof as may be necessary, is appropriated for the biennium
NEW SECTION. Sec. 603. A new section is added to chapter 43.135 RCW to read as follows:

RCW 43.135.035(4) does not apply to the transfers established in this act.

NEW SECTION. Sec. 604. A new section is added to chapter 43.19 RCW to read as follows:

The department of general administration shall develop a pilot program for providing E85 fueling capacity at appropriate intervals and locations along at least interstate routes 5 and 90 throughout the state for the use of public and private vehicles.

NEW SECTION. Sec. 605. The sum of five hundred thousand dollars, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 2009, from the clean energy incentive account created in section 601 of this act to the department of general administration for the purposes of section 604 of this act and for the purpose of providing greater access to public fueling capacity for biodiesel.

NEW SECTION. Sec. 606. A new section is added to chapter 28B.30 RCW to read as follows:

The Washington State University energy program is directed to analyze and recommend models for possible implementation by the legislature or the executive office for at least the following potential biofuels incentive programs:

(1) A biofuels crop insurance program to be created, administered, and funded for Washington state biofuel crop farmers;

(2) Market incentives to encourage instate production of brassica-based biodiesel, and cellulosic ethanol, including such market methods as direct grants, production tax credits, and the issuance by the state of advance guaranteed purchase contracts;

(3) Possible preferred research programs, grants, or other forms of
assistance for accelerating the development of instate production of cellulosic ethanol;
(4) Coordinate with the Western Washington University alternative automobile program for opportunities to support new Washington state technology for conversion of fossil fuel fleets to biofuel, hybrid, or alternative fuel propulsion; and
(5) Strategies for furthering the penetration of the Washington state fossil fuel market with Washington produced biofuels, particularly among public entities.

NEW SECTION. Sec. 607. The sum of six million seven hundred fifty thousand dollars, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 2009, from the clean energy incentive account created in section 601 of this act to Washington State University for the purposes of section 606 of this act and for qualifying for potential federal matching funds for research on biofuels.

NEW SECTION. Sec. 608. A new section is added to chapter 43.31 RCW to read as follows:
The following goals and criteria should be considered in evaluating potential biofuel incentives to be offered by the clean energy incentive account created in section 601 of this act: To assist Washington farmers and businesses in the development of economically viable, sustained instate biofuel and biofuel feedstock production; to leverage and encourage private investment in biofuel and biofuel feedstock production; and to assist in the development of biofuel feedstocks and production techniques that deliver the greatest net reductions in petroleum dependence and carbon emissions.

NEW SECTION. Sec. 609. The sum of six million five hundred thousand dollars, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 2009, from the clean energy incentive account created in section 601 of this act to the department of community, trade, and economic development for allocation to projects authorized by the office of financial management for the implementation of the mandates in this act for state fossil fuel use
reduction, implementation of the recommendations of the vehicle
electrification work group, and research or pilot program grants
necessary to carry out this act.

PART 7
MISCELLANEOUS

NEW SECTION. Sec. 701. Part headings used in this act are not any
part of the law.

--- END ---