

HOUSE BILL REPORT

HB 1903

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to marine and aviation fuel.

Brief Description: Regarding marine and aviation fuel.

Sponsors: Representatives Crouse, McCoy, Eddy, Armstrong and McCune.

Brief History:

Committee Activity:

Technology, Energy & Communications: 2/12/09, 2/16/09 [DPS].

Brief Summary of Substitute Bill

- Requires all fuel distribution terminals to make available conventional unleaded gasoline in sufficient quantities for end-use in marine and aviation applications.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Carlyle, Condotta, Finn, Hasegawa, Herrera, Hinkle, Hudgins, Jacks, McCune, Morris, Takko and Van De Wege.

Staff: Scott Richards (786-7156)

Background:

Minimum Renewable Fuel Content Requirement.

In 2006 the Legislature enacted minimum renewable fuel content requirements for biodiesel and ethanol. Beginning on December 1, 2008, certain fuel licensees must provide evidence to the Department of Licensing that at least 2 percent of the total annual diesel and gasoline sold in Washington is biodiesel and ethanol.

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.

Approximately 70 percent of Washington's refinery output is consumed in state. The remainder is consumed mostly in California and Oregon. Due to regional and national renewable fuel content requirements, gasoline sold in Washington may contain up to 10 percent ethanol.

Summary of Substitute Bill:

Conventional unleaded gasoline must be made available at all distribution terminals in quantities sufficient in Washington for end-use in marine and aviation applications. Unless a sufficient supply of conventional unleaded gasoline is available for other applications, conventional unleaded gasoline must be limited to end-use in marine and aviation applications.

"Conventional unleaded gasoline" means gasoline with an octane rating of not less than 87 that has not been blended or otherwise combined with ethanol or denatured alcohol.

Substitute Bill Compared to Original Bill:

The requirement to make available conventional unleaded gasoline for end-use in marine and aviation applications is placed under the Motor Fuel Quality Act. The definition of "conventional unleaded gasoline" is moved under the Motor Fuel Quality Act. The Director of Licensing is removed as the person responsible for determining the appropriate amount of conventional unleaded gasoline to be made available.

The provision is removed that specifies that retailers and distributors of marine and aviation fuel are held harmless and have an absolute defense in any action brought by an end-user if the fuel delivered to the end-user contains ethanol or denatured alcohol and the retailer or distributor did not have direct access to conventional unleaded gasoline when taking delivery from the fuel supplier.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Pilots have found it extremely difficult to get ethanol-free gasoline for our aircraft. Ethanol can cause damage to an aircraft's engine. Pilots in western Washington sometimes have to drive great distances to get conventional unleaded gasoline. Certain fuel distributors are having difficulty getting access under a branded contract with major oil companies to a non-ethanol, conventional fuel. Boats don't work well with ethanol gasoline.

Their older fiberglass tanks and fuel lines may be damaged by the ethanol in gasoline, creating public safety concerns for boaters.

(Opposed) Proposed legislation is inconsistent with both national and state policies to promote the use of renewable fuels. There have been massive increases in the use of renewable fuels due to these national and state policies. Currently, there are no barriers for distributors seeking a contractual relationship for the sales of fuels for these limited purposes with their supplier.

Persons Testifying: (In support) Representative Crouse, prime sponsor; Mike Arntzen; Charlie Brown, Washington Oil Marketers Association; Brad Buckhalter and Jon Anderson, Associated Petroleum; and Cliff Webster, Northwest Marine Trade Association.

(Opposed) Greg Hanon, Western States Petroleum Association.

Persons Signed In To Testify But Not Testifying: None.