

2SHB 2393 - H AMD

By Representative Dunshee

ADOPTED 01/30/2006

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that:

4 (1) Relying on foreign oil hurts our state's economy, citizens, and  
5 businesses;

6 (2) Experts tell us that the global oil shortage will only worsen,  
7 making the three dollars per gallon gasoline of summer 2005 seem  
8 affordable;

9 (3) Instead of leaving our economy at the mercy of global events,  
10 and the policies of foreign nations, Washington state should adopt a  
11 policy of energy independence;

12 (4) Each year, citizens and businesses in Washington state spend  
13 nine billion dollars on gasoline and diesel, with those funds drained  
14 from the state economy;

15 (5) The energy freedom program is meant to lead Washington state  
16 toward energy independence;

17 (6) The biofuels industry is a new and developing industry now  
18 limited by the availability of capital for construction of facilities  
19 for converting farm products into energy and fuels; and

20 (7) For biofuels to be economically viable in Washington, it will  
21 be necessary to grow dedicated crops, construct crushers near  
22 Washington farms, and build refineries to create fuel.

23 Therefore, it is the intent of the legislature to reduce  
24 Washington's dependence on imported oil, expand renewable fuel  
25 production and use in Washington, help citizens and business conserve  
26 energy, and promote sustainable rural economic development by creating  
27 new jobs and stimulating business and economic activity in local  
28 communities across Washington.

29 To accomplish this, the energy freedom program is established to

1 stimulate strategic investment in facilities, infrastructure, and  
2 technologies that will advance Washington's move toward energy  
3 independence.

4 NEW SECTION. **Sec. 2.** A new section is added to 2005 c 488  
5 (uncodified) to read as follows:

6 **FOR THE DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT**  
7 Energy Freedom Program (06-2-852)

8 The appropriation in this section is subject to the following  
9 conditions and limitations:

10 (1)(a) The appropriation is provided solely for low-interest loans  
11 to political subdivisions for renewable energy projects including the  
12 development of biofuel oilseed crushers, supporting infrastructure, and  
13 facilities. The political subdivision may negotiate an appropriate  
14 agreement with the bioenergy industry for the use of the oilseed  
15 crushers, supporting infrastructure, and facilities.

16 (b) For purposes of this section, political subdivision means any  
17 port district, county, city, town, special purpose district, and any  
18 other municipal corporations or quasi-municipal corporations in the  
19 state.

20 (2) The appropriation is provided solely for the following list of  
21 projects:

22 <b>Project</b>	<b>Recommendation</b>
23 Spokane conservation district	\$2,750,000
24 Odessa public development authority	\$2,750,000
25 Port of Columbia county	\$2,750,000
26 Port of Sunnyside	\$750,000
27 <b>Total</b>	<b>\$9,000,000</b>

28 (3) All agreements negotiated between the political subdivision and  
29 the bioenergy industry for use of the oilseed crushers, supporting  
30 infrastructure, or facilities funded in this section must provide for  
31 at least a fifty percent match by the industry partner. The industry  
32 match may include, but is not limited to, investments in rail,  
33 buildings, refining capacity, or seed stock.

34 (4) All other project funds must be disbursed prior to energy

1 freedom loans, except where required on a matching basis by other  
2 federal or state programs.

3 (5) The department shall disburse loans to the political  
4 subdivision on a reimbursement basis only.

5 (6) The department may defer loan repayment for up to twenty-four  
6 months or until the projects start to receive revenue from operations,  
7 whichever is sooner.

8 (7) Upon written notice to the political subdivision, the  
9 department may suspend or cancel its loans if any of the following  
10 occur:

11 (a) The political subdivision fails to make satisfactory and  
12 reasonable progress to complete the project, or the department  
13 concludes the political subdivision will be unable to complete the  
14 project or any portion of it; or

15 (b) The political subdivision or bioenergy industry partners have  
16 made misrepresentations in any information furnished to the department  
17 or the legislature in connection with the project.

18 (8) In the event that any portion of the loan has been paid to the  
19 political subdivision under this section at the time of breach, or  
20 failure of the political subdivision to satisfactorily perform, the  
21 department may require that the full amount of the loan, or a portion  
22 thereof, be repaid within a period specified by the department.

23 (9) Future loan repayments shall be deposited into the energy  
24 freedom account created in section 3 of this act.

25 (10) Chapter 39.12 RCW applies to the renewable energy projects  
26 funded in whole or in part by the appropriation in this section.

27 (11) It is the intent of the legislature to provide loans for the  
28 development of a Washington state biodiesel industry based on  
29 Washington grown oilseed. The legislature is aware that in the  
30 development of this industry, the start-up process may necessitate the  
31 use of other oilseeds until Washington state growers plant sufficient  
32 crops to support this industry. The legislature also understands the  
33 realities of weather and market conditions in this process. The  
34 conversion to maximum Washington grown oilseed must be accomplished as  
35 quickly as possible. The political subdivision shall: (a) Develop a  
36 plan for outreach to local growers and an estimate of when maximum  
37 Washington state oilseed-based production will be reached; (b) develop  
38 a goal for the political subdivision to return a portion of the biofuel

1 to local oilseed producers; and (c) report this information to the  
2 department of community, trade, and economic development by December 1,  
3 2006. The department shall report on the implementation of this  
4 section by January 1, 2007, to the appropriate committees of the  
5 legislature.

6 Appropriation:

7	State Taxable Building Construction Account--State . . .	\$9,000,000
8	Prior Biennia (Expenditures) . . . . .	\$0
9	Future Biennia (Projected Costs) . . . . .	\$0
10	TOTAL . . . . .	\$9,000,000

11 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.63A RCW  
12 to read as follows:

13 The energy freedom account is created in the state treasury. All  
14 receipts from appropriations made to the account, proceeds from other  
15 lawful sources, and loan payments of principal and interest derived  
16 from loans made under section 2 of this act must be deposited into the  
17 account. Moneys in the account may be spent only after appropriation.  
18 Expenditures from the account may be used only for loans and grants to  
19 political subdivisions for renewable energy and biofuel development  
20 projects and activities.

21 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
22 preservation of the public peace, health, or safety, or support of the  
23 state government and its existing public institutions, and takes effect  
24 immediately."

EFFECT: Bioenergy industry partners are required to provide a 50%  
match to the project appropriations. Loan disbursements will be made  
on a reimbursement basis only. The department may defer loan repayment  
for up to twenty-four months or until the projects start to receive  
revenue from operations, whichever is sooner. The department may  
require repayment of loans if the political subdivision fails to make  
reasonable progress toward project completion, or if project partners  
have made misrepresentations in any of the information furnished to the  
department or the legislature. Prevailing wage applies to the  
renewable energy projects funded in whole or in part by the

appropriation in this act.

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