

HOUSE BILL REPORT

SHB 1029

As Amended by the Senate

Title: An act relating to defining E85 motor fuel.

Brief Description: Defining E85 motor fuel.

Sponsors: By House Committee on Technology, Energy & Communications (originally sponsored by Representatives B. Sullivan, Linville and Morris).

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/17/07, 1/23/07 [DPS].

Floor Activity:

Passed House: 1/29/07, 97-0.

Senate Amended.

Passed Senate: 4/5/07, 46-0.

Brief Summary of Substitute Bill

- Provides a definition for E85 motor fuel.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Morris, Chair; McCoy, Vice Chair; Crouse, Ranking Minority Member; McCune, Assistant Ranking Minority Member; Eddy, Ericksen, Hankins, Hudgins, Hurst, Takko and VanDeWege.

Staff: Scott Richards (786-7156).

Background:

Ethanol

Ethanol may be produced from a variety of feedstocks such as corn, wheat, barley, potatoes, sugarcane and the cellulose of plants such as switchgrass, straw and trees. In the United States the majority of ethanol is made from corn. The most common blends are:

- E10 - 10 percent ethanol and 90 percent unleaded gasoline; and

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- E85 - 85 percent ethanol and 15 percent unleaded gasoline.

E10 is approved for use in any make or model of vehicle sold in the U.S. In 2004, about one-third of America's gasoline was blended with ethanol, most in this 10 percent variety.

Vehicles must be specially designed to run on E85 and use of the fuel blend is approved for Flexible Fuel Vehicles (FFVs) only. The FFVs are designed to run on E85, gasoline, or any blend of the two. There are more than four million FFVs on the road in the United States.

Season Adjustments of E85 Blend

The E85 blend is seasonally adjusted to ensure proper starting and performance in different geographic locations. During winter, higher percentages of gasoline is added to E85 to ensure that vehicles are able to start at cold temperatures. According to the American Society of Testing and Materials Standard Specification for Fuel Ethanol for Automotive Spark-Ignition Engines (ASTM D5798-99), E85 sold during colder months may contain 70 percent ethanol and 30 percent petroleum to produce the necessary vapor pressure for starting in cold temperatures.

Motor Fuel Quality Act

The Motor Fuel Quality Act (Act) provides for the establishment of quality specifications for all liquid motor fuels, except aviation fuel, marine fuel, and liquefied petroleum gases, and establishes a sampling, testing, and enforcement program. The term 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.

The Act contains no definition for E85 motor fuel.

Tax Exemptions and Preferential Tax Rates for Biofuels

Washington law makes available tax exemptions or preferential tax rates to promote motor fuels containing 85 percent ethanol. However, state law does not use a consistent definition for motor fuels containing 85 percent ethanol.

Summary of Substitute Bill:

The Motor Fuel Quality Act is amended to include a definition for E85 motor fuel.

The business and occupation tax deduction for sale of alternative fuel is amended to replace the definition of alcohol fuel with a definition for E85 motor fuel.

The retail sales and use tax exemption for distribution of biodiesel or alcohol fuels is amended to replace the definition of, or reference to, alcohol fuel blends with a definition of, or reference to, E85 motor fuel.

E85 Definition

E85 motor fuel is defined as an alternative fuel that is a blend of denatured ethanol and hydrocarbon that typically contains 85 percent ethanol by volume, but at a minimum must contain 70 percent ethanol by volume, and complies with ASTM specification D5798-99.

EFFECT OF SENATE AMENDMENT(S):

Adds a definition for "alcohol fuel." Adds a definition for "alternative fuel." Adds a definition for "nonhazardous motor fuel." Modifies the definition of "E85 motor fuel" that reflects the national definition. Extends the business and occupation tax, sales, and use tax incentives from July 1, 2009 to July 1, 2015.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This bill is a straight forward way of getting into Washington code a national standard for E85 motor fuel.

(Opposed) None.

Persons Testifying: Representative Brian Sullivan, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.