**1554-S AMH COUT H1593.1 - NOT FOR FLOOR USE**

**SHB 1554** - H AMD **123**

By Representative Couture

**WITHDRAWN 03/06/2023**

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  (1) The legislature finds that even though lead is a widely recognized hazard to human health and to the environment, and leaded motor vehicle gasoline was phased out across the United States decades ago, leaded gasoline remains in widespread use at general aviation airports by piston engine noncommercial aircraft. Recent studies have found elevated levels of lead in the blood of residents, and particularly worryingly in the blood of children residing in general aviation airport communities, for whom lead is especially harmful to their development. There is consensus among the medical and scientific communities that the levels detected in children living around general aviation airports similar to those in Washington are hazardous. The national academies of sciences, engineering, and medicine in 2015 concluded that lead "is a well-known air pollutant that can lead to a variety of adverse health impacts, including neurological effects in children that lead to behavioral problems, learning deficits, and lowered IQ."

(2) The United States environmental protection agency has recently taken steps towards making an endangerment finding that may eventually lead, through a complex federal regulatory process involving the United States federal aviation administration, to the elimination of lead from aviation gasoline.

(3) The federal aviation administration and leaders of aviation and petroleum groups have made great strides removing lead from aviation gasoline and redoubled efforts to find a suitable 100 octane aviation gasoline replacement formula through federal initiatives such as eliminate aviation gasoline lead emissions. Additionally, it is recognized that in September 2022, the federal aviation administration approved the first 100 octane unleaded aviation gasoline solution for every spark ignition piston aircraft. While this is good progress, and there are several other companies developing and testing unleaded aviation gasoline solutions, the legislature is committed to getting unleaded aviation gasoline delivered to airports in Washington state as soon as possible.

(4) Most recently, King county international airport committed to bring a 94 octane unleaded aviation gasoline as soon as infrastructure permits. King county international airport has also committed to a goal of being the first airport in Washington state to bring 100 octane aviation gasoline to its airport once available in commercial quantities.

(5) Therefore, it is the intent of the legislature, to take steps to mitigate public health and environmental harms caused by the use of leaded gasoline at airports, and to expedite the transition to the use of 100 octane unleaded aviation gasoline.

NEW SECTION. **Sec.**  A new section is added to chapter 47.68 RCW to read as follows:

(1) By November 1, 2024, the department's aviation division, must provide the Washington state department of ecology a detailed template for review. Upon agreement from the department of ecology and by January 1, 2025, the department must provide the template to each airport operator as a guide to reasonable steps that could be taken to reduce environmental lead on or near airports. The template should consider best practices identified in the 2021 national academy of science consensus study report entitled "*Options For Reducing Lead Emissions From Piston-Engine Aircraft*" that are designed to minimize environmental impacts and public health risks associated with leaded aviation gasoline use at general aviation airports. Some of these recommendations include, but are not limited to, the following:

(a) Evaluate run-up practices and take steps to mitigate close proximity to other aircraft, businesses, or community where able;

(b) Establish a program to ensure education and compliance of airport users properly disposing of "cast-off" leaded aviation gasoline and minimize and mitigate other spills and releases of unexpended leaded aviation gasoline;

(c) Make an effort to educate airport employee exposures to lead contamination;

(d) Evaluate and strive to reduce releases of leaded aviation gasoline caused by refueling and maintenance activities at the airport, including processes used to store and dispense aviation gasoline at the airport;

(e) Encourage airport users to minimize idle and engine run-up time;

(f) Educate airport fuel consumers that have the option to purchase and use unleaded aviation gasoline at the airport to do so; and

(g) A plan and budget for the financing of any needed fueling infrastructure improvements at the airport to allow for the airport to begin supplying 100 octane unleaded aviation gasoline.

(2) By December 1, 2025, and each December 1st thereafter, each airport operator must provide a status report to the department regarding its implementation of the plan under this section, including the status of planning and investments to facilitate the supply of 100 octane unleaded aviation gasoline at the airport.

(3) The definitions in this subsection apply throughout this section and section 3 of this act unless the context clearly requires otherwise.

(a) "Airport" has the same meaning as defined in RCW 47.68.020.

(b) "Airport operator" means a county, city, government agency, port district, or other person that owns or operates an airport.

(c) "Aviation gasoline" means gasoline sold for use in an aircraft.

(d) "Aviation retail establishment" means any public or private entity that sells aviation gasoline or offers or otherwise makes available aviation gasoline to a customer, including other businesses or government entities, for use in this state.

(e) "Department" means the department of transportation.

(f) "Leaded aviation gasoline" means aviation gasoline to which lead has been intentionally added.

(g) "Unleaded aviation gasoline" means aviation gasoline to which no lead has been intentionally added.

NEW SECTION. **Sec.**  A new section is added to chapter 47.68 RCW to read as follows:

(1) The department, in consultation with the department of ecology and the department of health, must offer technical assistance to airport operators to inform them of the requirements of section 2 of this act and to assist and advise in their implementation of lead exposure minimization best management practices.

(2) Beginning January 1, 2026, the department must give consideration in its review of grant applications under all state-level aviation grant programs including, but not limited to, the airport aid grant program established in RCW 47.68.090, to airport operators that the department determines to be making a reasonably good faith effort to implement the lead exposure minimization best practices identified in section 2 of this act.

(3)(a) By January 1, 2024, the department's aviation division, must have developed a mechanism for and must begin providing rebates to all Washington state aircraft owners for full cost of purchasing either 94UL or 100UL supplemental type certificates, in an amount of up to $500 from each authorized provider. The rebates will support reimbursement for up to one each supplemental type certificate for up to a rebate total of two rebates, one for each type of unleaded aviation gas. To be eligible, the aircraft owner must provide evidence of current Washington state aircraft registration accompanied by a receipt from an authorized supplemental type certificate provider and the required aviation division submission form.

(b) The rebate program will be funded using accumulated airport-derived tax revenues collected through the hazardous substance tax which are located in the accounts created under chapter 70A.305 RCW or accumulated airport-derived tax revenues collected through the petroleum products tax which have been continuously deposited into the Washington state pollution liability insurance program trust since 1989 subject to coordination with the Washington state department of revenue.

(4) The definitions in section 2(3) of this act apply throughout this section unless the context clearly requires otherwise.

NEW SECTION. **Sec.**  By December 1, 2023, the department of transportation must submit a report to the appropriate committees of the legislature addressing whether a revolving loan fund established for the purposes of generating orders for 100UL aviation gasoline would be a useful mechanism to expedite the state's transition to unleaded aviation fuel. If the report includes a recommendation for the establishment of a revolving loan fund, the report must also recommend how such a program should be structured, including which entities should be eligible for such loans, the logistics of implementing a revolving loan program, and estimates of the appropriate funding scale of this effort.

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the tax preferences contained in sections 6 and 7, chapter . . ., Laws of 2023 (sections 6 and 7 of this act). This performance statement is only intended to be used for subsequent evaluation of the tax preferences. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes these tax preferences as ones intended to improve industry competitiveness as indicated in RCW 82.32.808(2)(b).

(3) It is the legislature's specific public policy objective to encourage the production, distribution, and use of 100 octane unleaded aviation gasoline. It is also the legislature's intent to support the development of the 100 octane unleaded aviation gasoline industry in Washington by providing targeted tax relief for such businesses.

(4) If a review finds that the production and use of 100 octane unleaded aviation gasoline has increased because of the tax preferences contained in this act, then the legislature intends to extend the expiration date of these tax preferences.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data collected by the state.

NEW SECTION. **Sec.**  A new section is added to chapter 82.04 RCW to read as follows:

(1) Upon every person engaging within the state in the business of manufacturing 100 octane unleaded aviation gasoline; as to such persons, the amount of the tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.275 percent.

(2) Upon every person engaging in making sales, at retail or wholesale, of manufactured 100 octane unleaded aviation gasoline; as to such persons, the amount of the tax with respect to such business is equal to the gross proceeds of sales of the 100 octane unleaded aviation gasoline, multiplied by the rate of 0.275 percent.

(3) For the purposes of this section, "unleaded aviation gasoline" has the same meaning as defined in section 2 of this act.

(4) A person reporting under the tax rate provided in this section must file a complete annual tax performance report with the department under RCW 82.32.534.

NEW SECTION. **Sec.**  A new section is added to chapter 82.04 RCW to read as follows:

(1)(a) Subject to the limits and provisions of this section, a credit is allowed against the tax otherwise due under this chapter for persons engaged in the manufacturing of 100 octane unleaded aviation gas.

(b) Except as provided in (c) of this subsection, the credit under this section is equal to $1.00 for each gallon of 100 octane unleaded aviation gas sold during the prior calendar year by:

(i) A business that produces 100 octane unleaded aviation gas and is located in this state; or

(ii) A business's designated 100 octane unleaded aviation gas producer that is located in this state.

(c) A person may not receive credit under both (b)(i) and (ii) of this subsection.

(d) Contract pricing for sales of 100 octane unleaded aviation gas between a person claiming the credit under this section and the final consumer must reflect the per gallon credit under (b) of this subsection.

(2) To claim a credit under this section, a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department.

(3) To claim a credit under this section, the person applying must complete an application for the credit that must include:

(a) The name, business address, and tax identification number of the applicant;

(b) Documentation of the total amount of 100 octane unleaded aviation gas manufactured and sold in the prior calendar year; and

(c) Any other information deemed necessary by the department to support administration or reporting of the program.

(4) The department must notify applicants of credit approval or denial within 60 days of receipt of a final application and documentation.

(5) If a person fails to supply the information as required in subsection (3) of this section, the department must deny the application.

(6)(a) The credit under this section may only be claimed against taxes due under section 6 of this act.

(b) The credit may be carried over until used, as provided in subsection (8) of this section.

(c) No refunds may be granted for credits under this section.

(7) For the purposes of this section, "100 octane unleaded aviation gas" has the same meaning as "unleaded aviation gasoline" defined in section 2 of this act.

(8) Credits may be earned and claimed for a period of 10 calendar years beginning on the effective date of this section.

(9) A person claiming the credit provided in this section must file a complete annual tax performance report with the department under RCW 82.32.534.

NEW SECTION. **Sec.**  If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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

Correct the title.

EFFECT: Specifies that the department of transportation (transportation) guidance for airport operators is instead a template to be provided to airport operators to use as a guide to reasonable steps to reduce environmental lead on or near airports;

Eliminates penalties for airport operators that do not comply with requirements to implement lead exposure reduction plans;

Requires transportation to give priority in its review of grant applications to airport operators that transportation determines to be making reasonably good faith efforts to implement lead exposure minimization best practices;

Requires transportation to begin providing rebates, funded through hazardous substance tax or petroleum product tax revenues, to aircraft owners for the cost of purchasing two types of unleaded aviation gasoline, in an amount of up to $500 from each authorized provider, and up to a total of two rebates;

Requires transportation to submit a report to the legislature by December 1, 2023, evaluating the potential and recommended structure of a revolving loan fund to generate orders of unleaded aviation gas fuel;

Establishes a business and occupation tax preferential rate of 0.275 percent for the manufacture and sale of unleaded aviation gasoline, and a credit of one dollar per gallon of aviation gas manufactured, against tax otherwise due;

Amends the intent section.