

2 **ESHB 2326** - S COMM AMD
3 By Committee on Transportation

4 ADOPTED AS AMENDED 3/1/94

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** It is the intent of the legislature to
8 provide an incentive that encourages the use of renewable fuels by the
9 motoring public, stimulates higher value added markets for agricultural
10 products and by-products, and encourages a waste to energy industry.
11 It is also the intent of the legislature to limit the financial impact
12 to the state of this incentive.

13 The legislature declares that encouraging the use of renewable
14 fuels by the motoring public will provide the following benefits to the
15 people of Washington: Improved air quality, a market for agricultural
16 products and by-products, a reduction of cost associated with the
17 disposal of organic wastes, and new business and employment
18 opportunities in the state.

19 NEW SECTION. **Sec. 2.** RCW 82.36.2251 and 1993 c 268 s 2 are each
20 repealed.

21 **Sec. 3.** RCW 46.68.090 and 1991 c 342 s 56 are each amended to read
22 as follows:

23 (1) All moneys that have accrued or may accrue to the motor vehicle
24 fund from the motor vehicle fuel tax and special fuel tax shall be
25 first expended for the following purposes:

26 (a) For payment of refunds of motor vehicle fuel tax and special
27 fuel tax that has been paid and is refundable as provided by law;

28 (b) For payment of amounts to be expended pursuant to
29 appropriations for the administrative expenses of the offices of state
30 treasurer, state auditor, and the department of licensing of the state
31 of Washington in the administration of the motor vehicle fuel tax and
32 the special fuel tax, which sums shall be distributed monthly;

33 (c) From April 1, 1992, through March 31, 1996, for distribution to
34 the transfer relief account, hereby created in the motor vehicle fund,

1 an amount not to exceed three hundred twenty-five one-thousandths of
2 one percent;

3 (d) For distribution to the rural arterial trust account in the
4 motor vehicle fund, an amount as provided in RCW 82.36.025(2) and
5 46.68.095(3);

6 (e) For distribution to the urban arterial trust account in the
7 motor vehicle fund, an amount as provided in RCW 82.36.025(3);

8 (f) For distribution to the transportation improvement account in
9 the motor vehicle fund, an amount as provided in RCW 46.68.095(1);

10 (g) For distribution to the special category C account, hereby
11 created in the motor vehicle fund, an amount as provided in RCW
12 46.68.095(2);

13 (h) For distribution to the county arterial preservation account,
14 hereby created in the motor vehicle fund, an amount as provided in RCW
15 46.68.095(4);

16 (i) For distribution to the motor vehicle fund to be allocated to
17 cities and towns as provided in RCW 46.68.110, an amount as provided in
18 RCW 46.68.095(5);

19 (j) For distribution to the motor vehicle fund to be allocated to
20 counties as provided in RCW 46.68.120, an amount as provided in RCW
21 46.68.095(6);

22 (k) For expenditure for highway purposes of the state as defined in
23 RCW 46.68.130, an amount as provided in RCW 82.36.025(4) and
24 46.68.095(7);

25 (l) From July 1, 1994, through June 30, 1995, for distribution to
26 the gasohol exemption holding account, hereby created in the motor
27 vehicle fund, an amount equal to four and sixty-one one-hundredths of
28 one percent of the amount available prior to distributions under (a)
29 through (k) of this subsection, to be used only for highway
30 construction.

31 (2) The amount accruing to the motor vehicle fund by virtue of the
32 motor vehicle fuel tax and the special fuel tax and remaining after
33 payments, distributions, and expenditures as provided in this section
34 shall, for the purposes of this chapter, be referred to as the "net tax
35 amount."

36 NEW SECTION. Sec. 4. A new section is added to chapter 82.36 RCW
37 to read as follows:

1 (1) Alcohol of any proof that is sold in this state for use as fuel
2 in motor vehicles is exempt from the motor fuel tax under this chapter,
3 subject to the limitations under section 5 of this act, if such alcohol
4 has been verified by the department as meeting all of the following
5 conditions:

6 (a)(i) The alcohol was manufactured by a company that has been
7 verified by the department as having produced four million gallons or
8 less of alcohol for use as motor fuel in the prior calendar year. If
9 a company applying for certification has not been in continuous
10 production for the entire prior calendar year its plant or plants must
11 have a total annual fuel alcohol production capacity of four million
12 gallons or less.

13 (ii) The company has not sold more than four million gallons of its
14 own manufactured fuel alcohol in the current calendar year.

15 (b) The alcohol was manufactured by a company whose primary raw
16 material for the alcohol is food processing waste, brewery waste, or
17 wood and paper processing waste.

18 (2) In addition, a tax credit of thirty percent of the tax rate
19 imposed by RCW 82.36.025 shall be given for every gallon of alcohol
20 receiving the exemption under subsection (1) of this section and used
21 in an alcohol gasoline blend which contains at least ten percent by
22 volume of alcohol.

23 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.36 RCW
24 to read as follows:

25 The motor fuel tax exemption under section 4 of this act is subject
26 to the following limitations:

27 (1) No exemption shall be allowed for the sale of alcohol in all of
28 western Washington during, or one month prior to, the time that
29 oxygenated fuel is required by the state in any area in western
30 Washington. No exemption shall be allowed for the sale of alcohol in
31 all of eastern Washington during, or one month prior to, the time that
32 oxygenated fuel is required by the state in any area in eastern
33 Washington.

34 (2) The tax exemption for qualified alcohol shall not apply to any
35 alcohol that is blended with gasoline by any distributor in excess of
36 five million gallons of qualified alcohol per distributor during any
37 calendar year.

1 (3)(a) For fuel sold beginning on the effective date of this act
2 and until December 31, 1994, the total amount of the tax exemption and
3 credit shall not exceed two and one-half million dollars.

4 (b) For fuel sold after December 31, 1994, the total amount of the
5 tax exemption and credit shall not exceed five million dollars per
6 calendar year.

7 NEW SECTION. **Sec. 6.** (1) If a court enters a final order
8 invalidating or remanding section 2 of this act on the grounds that it
9 does not comply with section 13, chapter 2, Laws of 1994, it is the
10 intent of the legislature that this measure be submitted to the people
11 for their adoption, ratification, or rejection, at the next succeeding
12 general election to be held in this state, in accordance with Article
13 II, section 1 of the state Constitution, as amended, and the laws
14 adopted to facilitate the operation thereof.

15 (2) If a court remands this act for a vote of the people, the
16 ballot title shall be substantially as follows: "Shall the alcohol
17 fuel tax exemption be limited to alcohol produced from waste products?"

18 NEW SECTION. **Sec. 7.** Sections 4 and 5 of this act shall expire on
19 December 31, 1999.

20 NEW SECTION. **Sec. 8.** If any provision of this act or its
21 application to any person or circumstance is held invalid, the
22 remainder of the act or the application of the provision to other
23 persons or circumstances is not affected.

24 NEW SECTION. **Sec. 9.** This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of the
26 state government and its existing public institutions, and shall take
27 effect May 1, 1994."

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31 On page 1, line 1 of the title, after "gasohol;" strike the
32 remainder of the title and insert "amending RCW 46.68.090; adding new
33 sections to chapter 82.36 RCW; creating a new section; repealing RCW

1 82.36.2251; providing an effective date; providing an expiration date;
2 providing for contingent submission of this act to a vote of the
3 people; and declaring an emergency."

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