
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2393

State of Washington

59th Legislature

2006 Regular Session

By House Committee on Capital Budget (originally sponsored by Representatives Dunshee, Jarrett, Ormsby, Cox, Ericks, Newhouse, Kilmer, Chase, McCoy, Morrell, Moeller, Conway, P. Sullivan, Walsh, Springer, Buri, Haler, Wallace, Grant, Dickerson, Morris, B. Sullivan, Simpson, Upthegrove, Sells and Green)

READ FIRST TIME 01/23/06.

1 AN ACT Relating to funding for energy freedom projects; adding a
2 new section to chapter 43.63A RCW; adding a new section to 2005 c 488
3 (uncodified); creating a new section; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that:

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

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

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

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

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

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

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

7 Therefore, it is the intent of the legislature to reduce
8 Washington's dependence on imported oil, expand renewable fuel
9 production and use in Washington, help citizens and business conserve
10 energy, and promote sustainable rural economic development by creating
11 new jobs and stimulating business and economic activity in local
12 communities across Washington.

13 To accomplish this, the energy freedom program is established to
14 stimulate strategic investment in facilities, infrastructure, and
15 technologies that will advance Washington's move toward energy
16 independence.

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

19 **FOR THE DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT**

20 Energy Freedom Program (06-2-852)

21 The appropriation in this section is subject to the following
22 conditions and limitations:

23 (1)(a) The appropriation is provided solely for low-interest loans
24 to political subdivisions for renewable energy projects including the
25 development of biofuel oilseed crushers, supporting infrastructure, and
26 facilities. The political subdivision may negotiate an appropriate
27 agreement with the bioenergy industry for the use of the oilseed
28 crushers, supporting infrastructure, and facilities.

29 (b) For purposes of this section, political subdivision means any
30 port district, county, city, town, special purpose district, and any
31 other municipal corporations or quasi-municipal corporations in the
32 state.

33 (2) The appropriation is provided solely for the following list of
34 projects:

1	Project	Recommendation
2	Spokane conservation district	\$2,750,000
3	Odessa public development authority	\$2,750,000
4	Port of Columbia county	\$2,750,000
5	Port of Sunnyside	\$750,000
6	Total	\$9,000,000

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

13 (4) All other project funds must be disbursed prior to energy
14 freedom loans, except where required on a matching basis by other
15 federal or state programs.

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

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

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

24 (a) The political subdivision fails to make satisfactory and
25 reasonable progress to complete the project, or the department
26 concludes the political subdivision will be unable to complete the
27 project or any portion of it; or

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

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

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

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

5 (11) It is the intent of the legislature to provide loans for the
6 development of a Washington state biodiesel industry based on
7 Washington grown oilseed. The legislature is aware that in the
8 development of this industry, the start-up process may necessitate the
9 use of other oilseeds until Washington state growers plant sufficient
10 crops to support this industry. The legislature also understands the
11 realities of weather and market conditions in this process. The
12 conversion to maximum Washington grown oilseed must be accomplished as
13 quickly as possible. The political subdivision shall: (a) Develop a
14 plan for outreach to local growers and an estimate of when maximum
15 Washington state oilseed-based production will be reached; (b) develop
16 a goal for the political subdivision to return a portion of the biofuel
17 to local oilseed producers; and (c) report this information to the
18 department of community, trade, and economic development by December 1,
19 2006. The department shall report on the implementation of this
20 section by January 1, 2007, to the appropriate committees of the
21 legislature.

22 Appropriation:

23	State Taxable Building Construction Account--State . . .	\$9,000,000
24	Prior Biennia (Expenditures)	\$0
25	Future Biennia (Projected Costs)	\$0
26	TOTAL	\$9,000,000

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

29 The energy freedom account is created in the state treasury. All
30 receipts from appropriations made to the account, proceeds from other
31 lawful sources, and loan payments of principal and interest derived
32 from loans made under section 2 of this act must be deposited into the
33 account. Moneys in the account may be spent only after appropriation.
34 Expenditures from the account may be used only for loans and grants to
35 political subdivisions for renewable energy and biofuel development
36 projects and activities.

1 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and takes effect
4 immediately.

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