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SECOND SUBSTITUTE HOUSE BILL 2393

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

8        (3) All other project funds must be disbursed prior to energy  
9 freedom loans, except where required on a matching basis by other  
10 federal or state programs.

11        (4) Future loan repayments shall be deposited into the energy  
12 freedom account created in section 3 of this act.

13        (5) It is the intent of the legislature to provide loans for the  
14 development of a Washington state biodiesel industry based on  
15 Washington grown oilseed. The legislature is aware that in the  
16 development of this industry, the start-up process may necessitate the  
17 use of other oilseeds until Washington state growers plant sufficient  
18 crops to support this industry. The legislature also understands the  
19 realities of weather and market conditions in this process. The  
20 conversion to maximum Washington grown oilseed must be accomplished as  
21 quickly as possible. The political subdivision shall: (a) Develop a  
22 plan for outreach to local growers and an estimate of when maximum  
23 Washington state oilseed-based production will be reached; (b) develop  
24 a goal for the political subdivision to return a portion of the biofuel  
25 to local oilseed producers; and (c) report this information to the  
26 department of community, trade, and economic development by December 1,  
27 2006. The department shall report on the implementation of this  
28 section by January 1, 2007, to the appropriate committees of the  
29 legislature.

30    **Appropriation:**

31        State Taxable Building Construction Account--State . . .	\$9,000,000
32        Prior Biennia (Expenditures) . . . . .	\$0
33        Future Biennia (Projected Costs) . . . . .	\$0
TOTAL . . . . .	\$9,000,000

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

3        The energy freedom account is created in the state treasury.   All  
4   receipts from appropriations made to the account, proceeds from other  
5   lawful sources, and loan payments of principal and interest derived  
6   from loans made under section 2 of this act must be deposited into the  
7   account.   Moneys in the account may be spent only after appropriation.  
8   Expenditures from the account may be used only for loans and grants to  
9   political subdivisions for renewable energy and biofuel development  
10  projects and activities.

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

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