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ENGROSSED SUBSTITUTE HOUSE BILL 2738

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State of Washington

59th Legislature

2006 Regular Session

By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Holmquist, Dunshee, Dunn, Chase, Grant, Rodne, Haler, Kessler, Kilmer, Green, Sells, Kenney, McCoy, Simpson, Roberts, Ormsby, Moeller, Morrell, Linville, Hudgins, McCune and Hinkle; by request of Governor Gregoire)

READ FIRST TIME 01/31/06.

1 AN ACT Relating to developing minimum renewable fuel content  
2 requirements and fuel quality standards; amending RCW 19.112.020;  
3 adding new sections to chapter 19.112 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that it is in the  
6 public interest to establish a market for alternative fuels in  
7 Washington. By requiring a growing percentage of our fuel supply to be  
8 renewable biofuel that meets appropriate fuel quality standards, we  
9 will reduce our dependence on imports of foreign oil, improve the  
10 health and quality of life for Washingtonians, and stimulate the  
11 creation of a new industry that benefits our farmers and rural  
12 communities.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 19.112 RCW  
14 to read as follows:

15 (1) Special fuel licensees under chapter 82.38 RCW, other than  
16 international fuel tax agreement licensees and special fuel  
17 distributors, shall provide evidence to the department of licensing  
18 that at least two percent of total annual diesel fuel sales are

1 biodiesel fuel sales, when the director determines that feedstock grown  
2 in Washington state can satisfy a two-percent requirement, or the date  
3 November 30, 2008, has passed.

4 (2) Special fuel licensees under chapter 82.38 RCW, other than  
5 international fuel tax agreement licensees and special fuel  
6 distributors, shall provide evidence to the department of licensing  
7 that at least five percent of total annual diesel fuel sales are  
8 biodiesel fuel sales, when the director determines that both in-state  
9 oil seed crushing capacity and feedstock grown in Washington state can  
10 satisfy a three-percent requirement.

11 (3) For the purposes of this chapter, "biodiesel fuel" has the  
12 meaning provided in RCW 82.29A.135.

13 (4) The director and the director of licensing shall adopt rules  
14 for enforcing and carrying out the purposes of this section.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 19.112 RCW  
16 to read as follows:

17 (1) Beginning December 1, 2008, all gasoline sold or offered for  
18 sale in Washington shall contain at least two percent denatured ethanol  
19 by volume.

20 (2) If the director of ecology determines that ethanol content  
21 greater than two percent will not jeopardize continued attainment of  
22 the federal clean air act's national ambient air quality standard for  
23 ozone pollution in Washington and the director of agriculture  
24 determines that sufficient raw materials are available within  
25 Washington to support economical production of ethanol at higher  
26 levels, the director of agriculture may require by rule that all  
27 gasoline sold or offered for sale in Washington shall contain up to a  
28 maximum of ten percent of denatured ethanol by volume. The director of  
29 agriculture shall allow blenders and retailers six months to meet the  
30 new minimum content requirement.

31 (3) The director of agriculture shall adopt rules for enforcing and  
32 carrying out the purposes of this section.

33 **Sec. 4.** RCW 19.112.020 and 1990 c 102 s 3 are each amended to read  
34 as follows:

35 (1) This chapter shall be administered by the director or his or

1 her authorized agent. (~~For the purpose of administering this~~  
2 ~~chapter,~~)

3 (2) The director shall adopt rules for maintaining standards for  
4 biodiesel fuel or fuel blended with biodiesel fuel by adopting all or  
5 part of the standards set forth in the Annual Book of ASTM Standards  
6 and supplements (~~thereto, and revisions thereof, are adopted~~),  
7 amendments, or revisions thereof, all or part of the standards set  
8 forth in the National Institute of Standards and Technology (NIST)  
9 Handbook 130, Uniform Laws and Regulations in the areas of legal  
10 metrology and engine fuel quality rules, and any supplements,  
11 amendments, or revisions thereof, together with applicable federal  
12 environmental protection agency standards. If a conflict exists  
13 between federal environmental protection agency standards, ASTM  
14 standards, or (~~state~~) NIST standards, for purposes of uniformity,  
15 federal environmental protection agency standards shall take precedence  
16 over ASTM and NIST standards. (~~Any state standards adopted must be~~  
17 ~~consistent with federal environmental protection agency standards and~~  
18 ~~ASTM standards not in conflict with federal environmental protection~~  
19 ~~agency standards.~~) The department of agriculture shall not exceed ASTM  
20 standards for diesel.

21 (3) The director may establish a fuel testing laboratory or may  
22 contract with a laboratory for testing. The director may also adopt  
23 rules on false and misleading advertising, labeling and posting of  
24 prices, and the standards for, and identity of, motor fuels. The  
25 director shall require fuel pumps offering biodiesel and ethanol blends  
26 to be identified by a label stating the percentage of biodiesel or  
27 ethanol.

28 NEW SECTION. Sec. 5. A new section is added to chapter 19.112 RCW  
29 to read as follows:

30 The director shall establish a biofuels advisory committee to  
31 advise the director on implementing or suspending the minimum renewable  
32 fuel content requirements. The committee shall advise the director on  
33 applicability to all users; logistical, technical, and economic issues  
34 of implementation; and how the use of renewable fuel blends greater  
35 than two percent could achieve the goals of this act. The director  
36 shall make recommendations to the legislature and the governor on the  
37 implementation or suspension of this act by September 1, 2007.

1        NEW SECTION.    **Sec. 6.**    A new section is added to chapter 19.112 RCW  
2 to read as follows:

3        The governor, by executive order, may suspend all or portions of  
4 the minimum renewable fuel content requirements in section 2 or 3 of  
5 this act, or both, based on a determination that such requirements are  
6 temporarily technically or economically infeasible.

7        NEW SECTION.    **Sec. 7.**    A new section is added to chapter 19.112 RCW  
8 to read as follows:

9        (1) By November 30, 2008, the director shall determine whether the  
10 state's diesel fuel supply is comprised of at least ten percent  
11 biodiesel made predominantly from Washington feedstock, and whether the  
12 goals of section 2 of this act have been achieved.

13        (2) By November 30, 2008, the director shall determine whether the  
14 state's gasoline fuel supply is comprised of at least five percent  
15 ethanol made predominantly from Washington feedstock, without  
16 jeopardizing continued attainment of the federal clean air act's  
17 national ambient air quality standard for ozone pollution, and whether  
18 the goals of section 3 of this act have been achieved.

19        (3) By December 1, 2008, the director shall notify the governor and  
20 the legislature of the findings in subsections (1) and (2) of this  
21 section.

22        (4) If the findings from the director indicate that the goals of  
23 section 2 or 3 of this act, or both, have been achieved, then the  
24 governor shall issue an executive order declaring that section 2 or 3  
25 of this act, or both, are no longer applicable.

26        NEW SECTION.    **Sec. 8.**    A new section is added to chapter 19.112 RCW  
27 to read as follows:

28        (1) If either or both of the goals in sections 2 and 3 of this act  
29 are not achieved by November 30, 2008, the director shall monitor the  
30 state's diesel and gasoline fuel supply until such time as those goals,  
31 or either of them, is met.

32        (2) The director shall report to the governor and the legislature  
33 by November 30th of the year in which a goal is met.

34        (3) Following notification under this section that a goal has been

1 met, the governor shall prepare executive request legislation repealing  
2 section 2 or 3 of this act, or both, as applicable.

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