

FINAL BILL REPORT

E2SHB 1303

PARTIAL VETO

C 348 L 07

Synopsis as Enacted

Brief Description: Encouraging the use of cleaner energy.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Dickerson, B. Sullivan, Jarrett, Linville, Priest, Appleton, Pedersen, Kenney, Sells, Morrell, Lantz, O'Brien, Chase, Eickmeyer, McCoy, Haigh, Rolfes, Hurst, Eddy, Springer, Schual-Berke, Fromhold, Moeller, Hunt, Goodman, Williams, Darneille, Kagi, Lovick, Campbell, Dunshee, Sommers, Simpson, Hunter, Roberts and Miloscia).

House Committee on Agriculture & Natural Resources

House Committee on Appropriations

Senate Committee on Water, Energy & Telecommunications

Senate Committee on Ways & Means

Background:

Diesel Emissions Retrofits and Funding.

The Air Pollution Control Account serves as a source of funding to the Department of Ecology (DOE) and local air pollution control authorities. Within the Air Pollution Control Account exists a segregated subaccount that, until July 1, 2008, receives 58.12 percent of the revenue generated by certain fees on vehicle certificates of ownership. After July 1, 2008, the revenue from these fees are scheduled to be redirected into the Department of Transportation's Road Construction Nickel Account.

Money in the segregated subaccount of the Air Pollution Control Account must be used in certain ways. Eighty-five percent of the revenue in the subaccount must be distributed to the local air pollution control authorities in proportion to the revenue generated for the subaccount from vehicles within the boundaries of the individual authorities. The 15 percent not transferred to local air authorities remains with the DOE.

The local air authority receiving the funding must use 85 percent of that money to retrofit school buses or other publically-owned pieces of diesel equipment with exhaust emission controls or to fund infrastructure that will allow school buses to use alternative fuels.

Air Pollution Control at Ports.

Port districts are expressly permitted to acquire and operate facilities for the control or elimination of air pollution. Once acquired or constructed, a port district may offer others the use of the facility under terms and conditions set by the port commissioners. However, a port district may not use any tax revenues in providing pollution control facilities and may not

offer use of the pollution control facility if a similar facility is available for use in the area without the consent of the other facility.

Energy Freedom Program and Alternative Fuels.

The Energy Freedom Program is a program within the Washington Department of Agriculture (WSDA) to aid the development of a biofuels industry in Washington. As part of the Energy Freedom Program, the WSDA can award grants and loans to applicants interested in advancing the state's biofuel industry.

Biofuel Use at State Agencies.

All state agencies are encouraged to use a fuel blend of 20 percent biodiesel and 80 percent petroleum diesel. Starting in 2006, agencies were required to use biodiesel as an additive to any ultra-low sulfur diesel that they may be using. State agencies using biodiesel fuel are required to file quarterly reports with the Department of General Administration (GA) that documents their use of the fuels and any problems that arose in their use.

By 2009, all state agencies are required to use a minimum of 20 percent biodiesel.

Summary:

Diesel Emissions Retrofits and Funding.

The Office of the Superintendent of Public Instruction (OSPI) is directed to implement a school bus replacement incentive program that funds up to 10 percent of the cost of new school buses purchased by a school district. In order to qualify for the 10 percent of cost reimbursement, the bus purchased by a school district must be model year 2007 or newer and must be replacing a bus from model year 1994 or older. Any buses that are replaced under the OSPI incentive program must be surplus. The school district must provide written documentation that the surplus bus was sold for scrap and not used for future road use. In addition, the authority to use the funding provided for the existing bus emissions retrofit program is expanded from only publicly-owned diesel equipment to both publicly and privately-owned diesel equipment.

Air Pollution Control at Ports.

The term "air pollution control facility" is specified to not include air quality improvement equipment that provides emission reductions for engines, vehicles, and vessels. This change allows port districts to use tax revenue to support this type of equipment and to offer the equipment to parties outside of the port district even if similar equipment exists in the area.

Energy Freedom Program and Alternative Fuels.

The administrative home of the Energy Freedom Account is moved to the Department of Community, Trade and Economic Development (DCTED) from the WSDA.

A coordinator position is created within the Energy Freedom Program, to be appointed by the director of the DCTED. The Coordinator (Coordinator) is responsible for coordinating state

efforts to develop a biofuels market, developing a plan for a complete biofuels infrastructure supply chain and coordinating with Western Washington University on the conversion of fossil fuel fleets to alternative fuel fleets.

The Energy Freedom Program is expanded to include grants or loans for refueling projects. The Coordinator may award a grant or a loan if the proposed refueling project meets the following criteria:

- it will offer alternative fuel to the motoring public;
- it will not require continued state support;
- it is located within a green highway zone;
- it will contribute towards an efficient and adequately-spaced alternative fuel refueling network along I-5, I-82, and I-90; and
- it will increase access to alternative fueling infrastructure for the motoring public along I-5, I-82, and I-90.

Cellulosic ethanol production facilities are expressly made eligible for assistance under the Energy Freedom Program. The term "cellulosic ethanol" is defined. The definition includes ethanol derived from lignocellulosic or hemicellulosic matter, which are two types of plant materials. To be eligible for assistance, the facility producing the plant matter must do so in a renewable or reoccurring fashion.

The Green Energy Incentive Account (Account) is created within the Energy Freedom Account to be used for refueling station development, plug-in hybrid pilot projects, and hydrogen vehicle demonstration projects.

Any state agency receiving funding from the Account is prohibited from withholding more than 3 percent from the appropriation to pay for administrative overhead, unless the provision is waived by the director of the DCTED. Universities and other entities that are not state agencies are limited to withholding no more than 15 percent for administrative overhead.

Conservation districts, public development authorities, and electric utilities are given direct authority to be involved with the biofuel industry in the state. The entities may enter into crop purchase contracts for dedicated energy crops used for the production, selling, or distributing of biodiesel produces from Washington feedstock, cellulosic ethanol, and cellulosic ethanol blends.

Washington State University is directed to analyze and recommend models for possible implementation of biofuel incentive programs. Incentives to be studied include market incentives and research grant preferences.

Department of General Administration.

The GA is given certain mandates relating to the fuel efficiency of the state's motor fleet. Part of this effort requires the GA to, when replacing tires on a fleet vehicle other than a State Patrol Vehicle, use replacement tires with an equal or superior rolling resistance of the tire being removed. The GA is provided with the discretionary authority to contract with public or

private producers of biodiesel or ethanol, and to combine the needs of local governmental entities into the contracts. The GA may condition any contracts for alternative fuels to include provisions relating to fuel standards, crop origin, price, and delivery date.

Vehicle Electrification.

The state is authorized to purchase power at its own expense that is used to recharge both private and public plug-in electric vehicles at state-owned buildings. In addition, the DOE and the DCTED must conduct an analysis of the potential for vehicle electrification. By March 1, 2008, the departments must submit their findings on a number of subjects related to an expansion of plug-in vehicles in the state.

A vehicle electrification grant program is established within the DCTED to provide partial funding for certain public entities to purchase new electric vehicles or to convert existing vehicles.

Biofuel Use at State Agencies.

By the year 2015, all state agencies and local government subdivisions of the state must satisfy 100 percent of their fuel needs for all vessels, vehicles, and construction equipment from biofuels certified by the DCTED as having been produced from recycled materials or Washington feedstocks. If after 2015, the DCTED determines that the 100 percent biofuel use mandate is not practicable, then the DCTED may suspend, delay, or modify the requirement until satisfied the requirement is deemed practicable.

Reports and Studies.

In addition to the vehicle electrification analysis and the Washington State University biofuels incentive study, other studies include direction to the DCTED to develop a framework for a regional approach to climate change and to the University of Washington to complete a climate change assessment and an analysis of the potential human health impacts of climate change.

Votes on Final Passage:

House	79	18	
Senate	44	4	(Senate amended)
House			(House refused to concur)
Senate			(Senate refused to recede)
House	79	19	(House concurred)

Effective: July 22, 2007

July 1, 2007 (Sections 205 and 301-307)

Partial Veto Summary: The Governor vetoed the section of the bill that required the Energy Freedom Program to assess the availability and sources of alternative fuels in the state.