
ENGROSSED SUBSTITUTE HOUSE BILL 1055

State of Washington

60th Legislature

2007 Regular Session

By House Committee on Technology, Energy & Communications
(originally sponsored by Representatives Hudgins, B. Sullivan,
Morris, Dunshee and Chase)

READ FIRST TIME 02/05/07.

1 AN ACT Relating to defining alternative motor fuels; amending RCW
2 19.112.010, 19.112.120, 82.04.4334, 82.08.955, and 82.12.955; and
3 adding a new section to chapter 19.112 RCW.

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

5 **Sec. 1.** RCW 19.112.010 and 2006 c 338 s 15 are each amended to
6 read as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

9 (1) "Alcohol fuel" means any alcohol made from a product other than
10 petroleum or natural gas that is used alone or in combination with
11 gasoline or other petroleum products for use as a fuel in self-
12 propelled motor vehicles.

13 (2) "Alternative fuel" means all products or energy sources used to
14 propel motor vehicles, other than conventional gasoline, diesel, or
15 reformulated gasoline. Alternative fuel includes, but is not limited
16 to, liquefied petroleum gas, liquefied natural gas, compressed natural
17 gas, biodiesel fuel, E85 motor fuel, fuels containing seventy percent
18 or more by volume of alcohol fuel, fuels that are derived from biomass,

1 hydrogen fuel, nonhazardous motor fuel, or electricity, excluding
2 onboard electric generation.

3 (3) "Biodiesel fuel" means the monoalkyl esters of long chain fatty
4 acids derived from plant or animal matter that meet the registration
5 requirements for fuels and fuel additives established by the federal
6 environmental protection agency and standards established by the
7 American society of testing and materials.

8 ((+2)) (4) "Diesel" means special fuel as defined in RCW
9 82.38.020, and diesel fuel dyed in accordance with the regulations in
10 26 C.F.R. Sec. 48.4082-1T as of October 24, 2005.

11 ((+3)) (5) "Director" means the director of agriculture.

12 ((+4)) (6) "E85 motor fuel" means an alternative fuel that is a
13 blend of ethanol and hydrocarbon of which the ethanol portion is
14 nominally seventy-five to eighty-five percent denatured fuel ethanol by
15 volume that complies with the most recent version of American society
16 of testing and materials specification D 5798.

17 (7) "Motor fuel" means any liquid product used for the generation
18 of power in an internal combustion engine used for the propulsion of a
19 motor vehicle upon the highways of this state, and any biodiesel fuel.
20 Motor fuels containing ethanol may be marketed if either (a) the base
21 motor fuel meets the applicable standards before the addition of the
22 ethanol or (b) the resultant blend meets the applicable standards after
23 the addition of the ethanol.

24 (8) "Nonhazardous motor fuel" means any fuel of a type distributed
25 for use in self-propelled motor vehicles that does not contain a
26 hazardous liquid as defined in RCW 19.122.020.

27 **Sec. 2.** RCW 19.112.120 and 2006 c 338 s 3 are each amended to read
28 as follows:

29 (1) By December 1, 2008, motor vehicle fuel licensees under chapter
30 82.36 RCW, other than motor vehicle fuel distributors, shall provide
31 evidence to the department of licensing that at least two percent of
32 total gasoline sold in Washington, measured on a quarterly basis, is
33 denatured ethanol.

34 (2) If the director of ecology determines that ethanol content
35 greater than two percent of the total gasoline sold in Washington will
36 not jeopardize continued attainment of the federal clean air act's
37 national ambient air quality standard for ozone pollution in Washington

1 and the director of agriculture determines and publishes this
2 determination in the Washington State Register that sufficient raw
3 materials are available within Washington to support economical
4 production of ethanol at higher levels, the director of agriculture may
5 require by rule that licensees provide evidence to the department of
6 licensing that denatured ethanol comprises between two percent and at
7 least ten percent of total gasoline sold in Washington, measured on a
8 quarterly basis.

9 (3) The requirements of subsections (1) and (2) of this section
10 shall take effect no sooner than one hundred eighty days after the
11 determination has been published in the Washington State Register.

12 (4) The director and the director of licensing shall each adopt
13 rules, in coordination with each other, for enforcing and carrying out
14 the purposes of this section.

15 (5) Nothing in this section is intended to prohibit the production,
16 sale, or use of motor fuel for use in federally designated flexibly
17 fueled vehicles capable of using (~~up to eighty five percent ethanol~~
18 ~~fuel blends~~) E85 motor fuel. Nothing in this section is intended to
19 limit the use of high octane gasoline not blended with ethanol for use
20 in aircraft.

21 **Sec. 3.** RCW 82.04.4334 and 2003 c 63 s 1 are each amended to read
22 as follows:

23 (1) In computing tax there may be deducted from the measure of tax
24 amounts received from the retail sale, or for the distribution, of:

- 25 (a) Biodiesel fuel; or
- 26 (b) (~~Alcohol fuel, if the alcohol fuel is at least eighty five~~
27 ~~percent of the volume of the fuel being sold or distributed~~) E85 motor
28 fuel.

29 (2) For the purposes of this section and RCW 82.08.955 and
30 82.12.955, the following definitions apply:

31 (a) "Biodiesel fuel" means a mono alkyl ester of long chain fatty
32 acids derived from vegetable oils or animal fats for use in
33 compression-ignition engines and that meets the requirements of the
34 American society of testing and materials specification D 6751 in
35 effect as of January 1, 2003.

36 (b) (~~"Alcohol fuel" means any alcohol made from a product other~~
37 ~~than petroleum or natural gas, which is used alone or in combination~~

1 ~~with gasoline or other petroleum products for use as a fuel for motor~~
2 ~~vehicles, farm implements and machines, or implements of husbandry.))~~
3 "E85 motor fuel" means an alternative fuel that is a blend of ethanol
4 and hydrocarbon of which the ethanol portion is nominally seventy-five
5 to eighty-five percent denatured fuel ethanol by volume that complies
6 with the most recent version of American society of testing and
7 materials specification D 5798.

8 (c) "Distribution" means any of the actions specified in RCW
9 82.36.020(2).

10 (3) This section expires July 1, 2009.

11 **Sec. 4.** RCW 82.08.955 and 2003 c 63 s 2 are each amended to read
12 as follows:

13 (1) The tax levied by RCW 82.08.020 does not apply to sales of
14 machinery and equipment, or to services rendered in respect to
15 constructing structures, installing, constructing, repairing, cleaning,
16 decorating, altering, or improving of structures or machinery and
17 equipment, or to sales of tangible personal property that becomes an
18 ingredient or component of structures or machinery and equipment, if
19 the machinery, equipment, or structure is used directly for the retail
20 sale of a biodiesel (~~(or alcohol fuel))~~ blend or E85 motor fuel.
21 Structures and machinery and equipment that are used for the retail
22 sale of a biodiesel (~~(or alcohol fuel))~~ blend or E85 motor fuel and for
23 other purposes are exempt only on the portion used directly for the
24 retail sale of a biodiesel (~~(or alcohol fuel))~~ blend or E85 motor fuel.

25 (2) The tax levied by RCW 82.08.020 does not apply to sales of fuel
26 delivery vehicles or to sales of or charges made for labor and services
27 rendered in respect to installing, repairing, cleaning, altering, or
28 improving the vehicles including repair parts and replacement parts if
29 at least seventy-five percent of the fuel distributed by the vehicles
30 is a biodiesel (~~(or alcohol fuel))~~ blend or E85 motor fuel.

31 (3) A person taking the exemption under this section must keep
32 records necessary for the department to verify eligibility under this
33 section. The exemption is available only when the buyer provides the
34 seller with an exemption certificate in a form and manner prescribed by
35 the department. The seller shall retain a copy of the certificate for
36 the seller's files.

1 (4) For the purposes of this section, the definitions in RCW
2 82.04.4334 and this subsection apply.

3 (a) (~~"Alcohol fuel blend" means fuel that contains at least~~
4 ~~eighty five percent alcohol fuel by volume.~~

5 ~~(b)~~) "Biodiesel blend" means fuel that contains at least twenty
6 percent biodiesel fuel by volume.

7 (b) "E85 motor fuel" means an alternative fuel that is a blend of
8 ethanol and hydrocarbon of which the ethanol portion is nominally
9 seventy-five to eighty-five percent denatured fuel ethanol by volume
10 that complies with the most recent version of American society of
11 testing and materials specification D 5798.

12 (c) "Machinery and equipment" means industrial fixtures, devices,
13 and support facilities and tangible personal property that becomes an
14 ingredient or component thereof, including repair parts and replacement
15 parts that are integral and necessary for the delivery of biodiesel
16 (~~or alcohol fuel~~) blends or E85 motor fuel into the fuel tank of a
17 motor vehicle.

18 (5) This section expires July 1, 2009.

19 **Sec. 5.** RCW 82.12.955 and 2003 c 63 s 3 are each amended to read
20 as follows:

21 (1) The provisions of this chapter do not apply in respect to the
22 use of machinery and equipment, or to services rendered in respect to
23 installing, repairing, cleaning, altering, or improving of eligible
24 machinery and equipment, or tangible personal property that becomes an
25 ingredient or component of machinery and equipment used directly for
26 the retail sale of a biodiesel or (~~alcohol fuel blend~~) E85 motor
27 fuel.

28 (2) The provisions of this chapter do not apply in respect to the
29 use of fuel delivery vehicles including repair parts and replacement
30 parts and to services rendered in respect to installing, repairing,
31 cleaning, altering, or improving the vehicles if at least seventy-five
32 percent of the fuel distributed by the vehicles is a biodiesel or
33 (~~alcohol fuel blend~~) E85 motor fuel.

34 (3) For the purposes of this section, the definitions in RCW
35 82.04.4334 and 82.08.955 apply.

36 (4) This section expires July 1, 2009.

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

3 (1) Special fuel licensees under chapter 82.38 RCW, other than
4 international fuel tax agreement licensees, dyed special fuel users,
5 and special fuel distributors, shall not use biodiesel fuel derived
6 from palm oil to qualify towards the biodiesel fuel requirements
7 established in RCW 19.112.110, unless the following conditions are
8 satisfied:

9 (a) The special fuel licensee can demonstrate that, at the time of
10 production, there was not sufficient Washington grown feedstock
11 available to produce the biodiesel from canola, rapeseed, or mustard
12 oil; and

13 (b) The palm oil was purchased from a company that:

14 (i) Maintains active membership in the roundtable on sustainable
15 palm oil; and

16 (ii) Implements the roundtable on sustainable palm oil's directives
17 as they are promulgated in order to ensure the sustainability of the
18 palm oil.

19 (2) For purposes of this section, "palm oil" means a form of edible
20 vegetable oil obtained from the fruit of the oil palm tree.

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