
HOUSE BILL 1160

State of Washington

60th Legislature

2007 Regular Session

By Representatives B. Sullivan, Linville, Morris, Hankins, P. Sullivan, Chase, Upthegrove, Dickerson, Lovick, Sells, Hudgins, Kenney, Ormsby, Schual-Berke, Simpson, Goodman, Springer, Kagi, Moeller, Green and Haler

Read first time 01/11/2007. Referred to Committee on Technology, Energy & Communications.

1 AN ACT Relating to the energy freedom program, including activities
2 to promote green highways; amending RCW 15.110.005, 15.110.010,
3 15.110.020, 15.110.040, 15.110.060, 47.17.020, 47.17.135, and
4 47.17.140; adding new sections to chapter 15.110 RCW; creating a new
5 section; and providing an expiration date.

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

7 **Sec. 1.** RCW 15.110.005 and 2006 c 171 s 1 are each amended to read
8 as follows:

9 The legislature finds that:

10 (1) Washington's dependence on energy supplied from outside the
11 state and volatile global energy markets makes its economy and citizens
12 vulnerable to unpredictable and high energy prices;

13 (2) Washington's dependence on petroleum-based fuels increases
14 energy costs for citizens and businesses;

15 (3) Diesel soot from diesel engines ranks as the highest toxic air
16 pollutant in Washington, leading to hundreds of premature deaths and
17 increasing rates of asthma and other lung diseases;

18 (4) The use of biodiesel results in significantly less air
19 pollution than traditional diesel fuels;

1 (5) Improper disposal and treatment of organic waste from farms and
2 livestock operations can have a significant negative impact on water
3 quality;

4 (6) Washington has abundant supplies of organic wastes from farms
5 that can be used for energy production and abundant farmland where
6 crops could be grown to supplement or supplant petroleum-based fuels;

7 (7) The use of energy and fuel derived from these sources can help
8 citizens and businesses conserve energy and reduce the use of
9 petroleum-based fuels, would improve air and water quality in
10 Washington, reduce environmental risks from farm wastes, create new
11 markets for farm products, and provide new industries and jobs for
12 Washington citizens;

13 (8) The bioenergy industry is a new and developing industry that
14 is, in part, limited by the availability of capital for the
15 construction of facilities for converting farm and forest products into
16 energy and fuels and the availability of infrastructure necessary to
17 allow motorists in Washington to refuel their alternative fuel vehicles
18 while traveling along major state highways;

19 (9) The 2010 Olympic and Paralympic Winter Games present an
20 opportunity to further Washington's energy independence by working with
21 Vancouver, British Columbia, Oregon, and California to develop a
22 hydrogen highway to showcase sustainable transportation and alternative
23 fuels, and to accelerate the commercialization of hydrogen and fuel
24 cell technologies;

25 (10) Instead of leaving our economy at the mercy of global events,
26 and the policies of foreign nations, Washington state should adopt a
27 policy of energy independence; and

28 ((+10+)) (11) The energy freedom program is meant to lead
29 Washington state towards energy independence.

30 Therefore, the legislature finds that it is in the public interest
31 to encourage the rapid adoption and use of bioenergy, to develop a
32 viable bioenergy industry within Washington state, to promote public
33 research and development in bioenergy sources and markets, ((and)) to
34 support a viable agriculture industry to grow bioenergy crops, and to
35 develop infrastructure for biofuel use by the motorists of Washington
36 state. To accomplish this, the energy freedom program is established
37 to promote public research and development in bioenergy, ((and)) to
38 stimulate the construction of facilities in Washington to generate

1 energy from farm sources or convert organic matter into fuels, and to
2 develop refueling infrastructure in Washington state to ensure that
3 biofuels are readily accessible to the motorists of Washington state.

4 **Sec. 2.** RCW 15.110.010 and 2006 c 171 s 2 are each amended to read
5 as follows:

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

8 (1) "Applicant" means any political subdivision of the state,
9 including port districts, counties, cities, towns, special purpose
10 districts, and other municipal corporations or quasi-municipal
11 corporations. "Applicant" may also include federally recognized tribes
12 and state institutions of higher education with appropriate research
13 capabilities.

14 (2) "Assistance" includes loans, leases, product purchases, or
15 other forms of financial or technical assistance.

16 (3) "Department" means the department of agriculture.

17 (4) "Director" means the director of the department of agriculture.

18 (5) "Green highway zone" means an area in the state designated by
19 the department that is within reasonable proximity of state route
20 number 5, state route number 90, and state route number 82.

21 (6) "Peer review committee" means a board, appointed by the
22 director, that includes bioenergy specialists, energy conservation
23 specialists, scientists, and individuals with specific recognized
24 expertise.

25 ~~((6))~~ (7) "Project" means the construction of facilities,
26 including the purchase of equipment, to convert farm products or wastes
27 into electricity or gaseous or liquid fuels or other coproducts
28 associated with such conversion. These specifically include fixed or
29 mobile facilities to generate electricity or methane from the anaerobic
30 digestion of organic matter, and fixed or mobile facilities for
31 extracting oils from canola, rape, mustard, and other oilseeds.
32 "Project" may also include the construction of facilities associated
33 with such conversion for the distribution and storage of such
34 feedstocks and fuels.

35 ~~((7))~~ (8) "Refueling project" means the construction of new
36 alternative fuel refueling facilities, as well as upgrades and

1 expansion of existing refueling facilities, that will enable these
2 facilities to offer alternative fuels to the motoring public.

3 (9) "Research and development project" means research and
4 development, by an institution of higher education as defined in
5 subsection (1) of this section, relating to:

6 (a) Bioenergy sources including but not limited to biomass and
7 associated gases; or

8 (b) The development of markets for bioenergy coproducts.

9 **Sec. 3.** RCW 15.110.020 and 2006 c 171 s 3 are each amended to read
10 as follows:

11 (1) The energy freedom program is established within the
12 department. The director may establish policies and procedures
13 necessary for processing, reviewing, and approving applications made
14 under this chapter.

15 (2) When reviewing applications submitted under this program, the
16 director shall consult with those agencies having expertise and
17 knowledge to assess the technical and business feasibility of the
18 project and probability of success. These agencies may include, but
19 are not limited to, Washington State University, the University of
20 Washington, the department of ecology, the department of community,
21 trade, and economic development, and the Washington state conservation
22 commission.

23 (3) Except as provided in subsection (4) of this section, the
24 director, in cooperation with the department of community, trade, and
25 economic development, may approve an application only if the director
26 finds:

27 (a) The project will convert farm products or wastes directly into
28 electricity or into gaseous or liquid fuels or other coproducts
29 associated with such conversion;

30 (b) The project demonstrates technical feasibility and directly
31 assists in moving a commercially viable project into the marketplace
32 for use by Washington state citizens;

33 (c) The facility will produce long-term economic benefits to the
34 state, a region of the state, or a particular community in the state;

35 (d) The project does not require continuing state support;

36 (e) The assistance will result in new jobs, job retention, or
37 higher incomes for citizens of the state;

1 (f) The state is provided an option under the assistance agreement
2 to purchase a portion of the fuel or feedstock to be produced by the
3 project, exercisable by the department of general administration;

4 (g) The project will increase energy independence or diversity for
5 the state;

6 (h) The project will use feedstocks produced in the state, if
7 feasible, except this criterion does not apply to the construction of
8 facilities used to distribute and store fuels that are produced from
9 farm products or wastes;

10 (i) Any product produced by the project will be suitable for its
11 intended use, will meet accepted national or state standards, and will
12 be stored and distributed in a safe and environmentally sound manner;

13 (j) The application provides for adequate reporting or disclosure
14 of financial and employment data to the director, and permits the
15 director to require an annual or other periodic audit of the project
16 books; and

17 (k) For research and development projects, the application has been
18 independently reviewed by a peer review committee as defined in RCW
19 15.110.010 and the findings delivered to the director.

20 (4) When reviewing an application for a refueling project, the
21 director may award a grant or a loan to an applicant if the director
22 finds:

23 (a) The project will offer alternative fuels to the motoring
24 public;

25 (b) The project does not require continued state support;

26 (c) The project is located within a green highway zone as defined
27 in RCW 15.110.010;

28 (d) The project will contribute towards an efficient and adequately
29 spaced alternative fuel refueling network along the green highways
30 designated in RCW 47.17.020, 47.17.135, and 47.17.140; and

31 (e) The project will result in increased access to alternative
32 fueling infrastructure for the motoring public along the green highways
33 designated in RCW 47.17.020, 47.17.135, and 47.17.140.

34 (5) The director may approve (~~an~~) a project application for
35 assistance under subsection (3) of this section up to five million
36 dollars. In no circumstances shall this assistance constitute more
37 than fifty percent of the total project cost.

1 ~~((+5))~~ (6) The director may approve a refueling project
2 application for a grant or a loan under subsection (4) of this section
3 up to fifty thousand dollars. In no circumstances shall a grant or a
4 loan award constitute more than fifty percent of the total project
5 cost.

6 (7) The director shall enter into agreements with approved
7 applicants to fix the terms and rates of the assistance to minimize the
8 costs to the applicants, and to encourage establishment of a viable
9 bioenergy industry. The agreement shall include provisions to protect
10 the state's investment, including a requirement that a successful
11 applicant enter into contracts with any partners that may be involved
12 in the use of any assistance provided under this program, including
13 services, facilities, infrastructure, or equipment. Contracts with any
14 partners shall become part of the application record.

15 ~~((+6))~~ (8) The director may defer any payments for up to twenty-
16 four months or until the project starts to receive revenue from
17 operations, whichever is sooner.

18 **Sec. 4.** RCW 15.110.040 and 2006 c 171 s 5 are each amended to read
19 as follows:

20 (1) If the total requested dollar amount of assistance awarded for
21 projects under RCW 15.110.020(3) exceeds the amount available in the
22 energy freedom account created in RCW 15.110.050, the applications must
23 be prioritized based upon the following criteria:

24 ~~((+1))~~ (a) The extent to which the project will help reduce
25 dependence on petroleum fuels and imported energy either directly or
26 indirectly;

27 ~~((+2))~~ (b) The extent to which the project will reduce air and
28 water pollution either directly or indirectly;

29 ~~((+3))~~ (c) The extent to which the project will establish a viable
30 bioenergy production capacity in Washington;

31 ~~((+4))~~ (d) The benefits to Washington's agricultural producers;
32 and

33 ~~((+5))~~ (e) The number and quality of jobs and economic benefits
34 created by the project.

35 (2) This section does not apply to grants or loans awarded for
36 refueling projects under RCW 15.110.020(4).

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 15.110 RCW
2 to read as follows:

3 (1) If the total requested dollar amount of funds for refueling
4 projects under RCW 15.110.020(4) exceeds the amount available in the
5 green energy incentive subaccount created in section 6 of this act, the
6 applications must be prioritized based upon the following criteria:

7 (a) The extent to which the project will help reduce dependence on
8 petroleum fuels and imported energy either directly or indirectly;

9 (b) The extent to which the project will reduce air and water
10 pollution either directly or indirectly;

11 (c) The extent to which the project will establish a viable
12 bioenergy production capacity in Washington;

13 (d) The extent to which the project will make biofuels more
14 accessible to the motoring public;

15 (e) The benefits to Washington's agricultural producers; and

16 (f) The number and quality of jobs and economic benefits created by
17 the project.

18 (2) This section does not apply to assistance awarded for projects
19 under RCW 15.110.020(3).

20 NEW SECTION. **Sec. 6.** A new section is added to chapter 15.110 RCW
21 to read as follows:

22 The green energy incentive subaccount is created as a subaccount of
23 the energy freedom account. All receipts from appropriations made to
24 the green energy incentive subaccount shall be deposited into the
25 subaccount and shall be appropriated only for:

26 (1) Refueling projects awarded under this chapter;

27 (2) Pilot projects for plug-in hybrids;

28 (3) Programs to reduce truck stop idling;

29 (4) Demonstration projects developed with a science museum for the
30 purpose of bringing science education to children by way of a mobile
31 learning vehicle; and

32 (5) Demonstration projects developed with the University of
33 Washington that result in the design and building of a hydrogen vehicle
34 fueling station.

35 NEW SECTION. **Sec. 7.** Moneys deposited in the green energy

1 incentive subaccount created in section 6 of this act shall not exceed
2 one million dollars.

3 **Sec. 8.** RCW 15.110.060 and 2006 c 171 s 7 are each amended to read
4 as follows:

5 The director shall report to the legislature and governor on the
6 status of the energy freedom program created under this chapter, on or
7 before December 1, 2006, and annually thereafter. This report must
8 include information on the projects that have been funded, the status
9 of these projects, and their environmental, energy savings, and job
10 creation benefits, as well as an assessment of the availability of
11 alternative fuels in the state.

12 **Sec. 9.** RCW 47.17.020 and 1970 ex.s. c 51 s 5 are each amended to
13 read as follows:

14 A state highway to be known as state route number 5, and designated
15 as a Washington green highway, is established as follows:

16 Beginning at the Washington-Oregon boundary line on the interstate
17 bridge over the Columbia river at Vancouver, thence northerly by way of
18 Kelso, Chehalis, Centralia, Olympia, Tacoma, Seattle, Everett and Mt.
19 Vernon, thence northwesterly to the east of Lake Samish, thence
20 northeasterly and northerly by way of Bellingham to the international
21 boundary line in the vicinity of Blaine in Whatcom county.

22 **Sec. 10.** RCW 47.17.135 and 1979 ex.s. c 33 s 3 are each amended to
23 read as follows:

24 A state highway to be known as state route number 82, and
25 designated as a Washington green highway, is established as follows:

26 Beginning at a junction with state route number 90 in the vicinity
27 of Ellensburg, thence southerly and easterly by way of Yakima, Union
28 Gap, Sunnyside, Prosser, Kiona, and Goose Gap west of Richland, thence
29 southeasterly near Kennewick and southwesterly by way of the vicinity
30 of Plymouth to a crossing of the Columbia river at the Washington-
31 Oregon boundary line.

32 **Sec. 11.** RCW 47.17.140 and 1991 c 56 s 2 are each amended to read
33 as follows:

1 A state highway to be known as state route number 90, and
2 designated as the American Veterans Memorial Highway as well as a
3 Washington green highway, is established as follows:

4 Beginning at a junction with state route number 5, thence, via the
5 west approach to the Lake Washington bridge in Seattle, in an easterly
6 direction by way of Mercer Island, North Bend, Snoqualmie pass,
7 Ellensburg, Vantage, Moses Lake, Ritzville, Sprague and Spokane to the
8 Washington-Idaho boundary line.

9 NEW SECTION. **Sec. 12.** If any provision of this act or its
10 application to any person or circumstance is held invalid, the
11 remainder of the act or the application of the provision to other
12 persons or circumstances is not affected.

13 NEW SECTION. **Sec. 13.** Sections 1 through 6 and 8 of this act
14 expire June 30, 2016.

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