
SUBSTITUTE HOUSE BILL 2746

State of Washington 60th Legislature 2008 Regular Session

By House Transportation (originally sponsored by Representatives Jarrett, Morris, and McIntire)

READ FIRST TIME 02/06/08.

1 AN ACT Relating to the purchasing of fuel; adding new sections to
2 chapter 35.58 RCW; adding a new section to chapter 43.19 RCW; adding a
3 new section to chapter 47.60 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 and declares that
6 units of state and local government purchasing large amounts of fuel in
7 the regular course of performing their function should have substantial
8 flexibility in acquiring fuel to obtain predictability and control of
9 fuel costs, and to maximize the use of renewable fuels. The
10 legislature hereby declares its intent to allow certain units of
11 government that regularly purchase large amounts of fuel to explore and
12 implement strategies that are designed to reduce the overall cost of
13 fuel and mitigate the impact of market fluctuations and pressure on
14 both short-term and long-term fuel costs.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 35.58 RCW
16 to read as follows:

17 (1) In performing the metropolitan transportation function,
18 metropolitan municipal corporations and counties that have assumed the

1 rights, powers, functions, and obligations of metropolitan municipal
2 corporations under chapter 36.56 RCW may explore and implement
3 strategies designed to reduce the overall cost of fuel and mitigate the
4 impact of market fluctuations and pressure on both short-term and long-
5 term fuel costs. These strategies may include, but are not limited to,
6 futures contracts, hedging, swap transactions, option contracts,
7 costless collars, and long-term storage.

8 (2) Metropolitan municipal corporations and counties that have
9 assumed the rights, powers, functions, and obligations of metropolitan
10 municipal corporations under chapter 36.56 RCW that choose to implement
11 the strategies authorized in this section must submit periodic reports
12 to the department of general administration's office of state
13 procurement on the status of any such implemented strategies. Each
14 report must include a description of each contract established to
15 mitigate fuel costs, the amounts of fuel covered by the contracts, and
16 the cost mitigation results. The first report shall be submitted
17 within one year of implementation.

18 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.19 RCW
19 to read as follows:

20 The director of general administration, through the office of state
21 procurement, shall submit an annual report to the transportation
22 committees of the house of representatives and senate that includes,
23 for each entity authorized to participate in cost reduction strategies,
24 a description of each contract established to mitigate fuel costs, the
25 amounts of fuel covered by the contracts, the cost mitigation results,
26 and any related recommendations. The first report shall be submitted
27 on January 15, 2009, and annually thereafter on January 15th.

28 NEW SECTION. **Sec. 4.** A new section is added to chapter 35.58 RCW
29 to read as follows:

30 If metropolitan municipal corporations and counties that have
31 assumed the rights, powers, functions, and obligations of metropolitan
32 municipal corporations under chapter 36.56 RCW choose to implement the
33 strategies authorized in section 2 of this act, the state is not liable
34 for any financial losses that may be incurred as the result of
35 participating in such strategies.

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 47.60 RCW
2 to read as follows:

3 In performing the function of operating its ferry system, the
4 department may, after consultation with the department of general
5 administration's office of state procurement, explore and implement
6 strategies designed to reduce the overall cost of fuel and mitigate the
7 impact of market fluctuations and pressure on both short-term and long-
8 term fuel costs. These strategies may include, but are not limited to,
9 futures contracts, hedging, swap transactions, option contracts,
10 costless collars, and long-term storage. The department shall
11 periodically submit a report to the office of state procurement on the
12 status of any such implemented strategies, including cost mitigation
13 results, and shall submit an initial report within one year of
14 implementation.

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