
**Technology & Economic Development
Committee**

HB 2757

Brief Description: Modernizing fuel content standards and references.

Sponsors: Representatives Doglio, Tharinger, Walsh, Chapman, Fitzgibbon and Tarleton.

Brief Summary of Bill

- Amends the state Renewable Fuel Standard (RFS) to require that all diesel fuel sold or offered for sale in Washington for use in motor vehicles upon highways of the state must contain at least 5 percent biodiesel by volume beginning January 1, 2019.
- Amends or repeals certain provisions of the Motor Fuel Quality Act.

Hearing Date: 1/30/18

Staff: Nikkole Hughes (786-7156).

Background:

The state Motor Fuel Quality Act, enacted in 1990, adopted motor fuel standards, authorized the Washington State Department of Agriculture (WSDA) to promulgate state fuel standards, and established a motor fuel quality sampling, testing, and enforcement program.

The state Renewable Fuel Standard (RFS) was enacted in 2006 and requires that special fuel licensees provide evidence that at least 2 percent of diesel fuel sold annually in the state is biodiesel or renewable diesel. This percentage increases to 5 percent no sooner than 180 days after the WSDA determines that in-state feedstocks and oil-seed crushing capacity can meet a 3 percent standard.

In addition, motor vehicle fuel licensees must provide evidence that at least 2 percent of the total gasoline sold in the state is denatured ethanol. This ethanol requirement may be increased if the WSDA determines that:

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- an increase would not jeopardize the state's continued attainment of federal Clean Air Act standards; and
- the state can economically support the production of higher ethanol blends.

State agencies are required to use a minimum of 20 percent biodiesel as compared to total volume of all diesel purchases made by the agencies for the operation of the agencies' diesel-powered vessels, vehicles, and construction equipment. However, during the 2015-2017 and 2017-2019 fiscal biennia, the Washington State Ferries is required to use a minimum of 5 percent biodiesel, as long as the price of a B5 biodiesel blend does not exceed the price of conventional diesel fuel by 5 percent or more.

Summary of Bill:

Changes to the Renewable Fuel Standard.

Beginning January 1, 2019, all diesel fuel sold or offered for sale in Washington for use in motor vehicles upon highways of the state must contain at least 5 percent biodiesel by volume.

The Department of Licensing's authority to adopt RFS enforcement and implementation rules is removed. The WSDA's authority to adopt RFS enforcement and implementation rules is made permissive rather than mandatory.

"Motor fuel" is defined to include any diesel fuel dyed in accordance with federal regulations that is used to power a motor vehicle.

Motor Fuel Standards.

The WSDA may adopt American Society for Testing and Materials (ASTM) standards, National Institute of Science and Technology standards, and federal Environmental Protection Agency standards for motor fuel by rule.

Labeling.

Labeling requirements for biodiesel are removed. The WSDA may adopt rules on false and misleading advertising, labeling and posting of prices, and the identity of motor fuels.

Ethanol Requirement.

A provision requiring motor vehicle fuel licensees to provide evidence that at least 2 percent of gasoline sold in Washington is denatured ethanol is removed.

Biofuel Tax Preferences.

The definitions of "biofuel" and "biodiesel fuel" are amended for the purposes of certain sales and use tax preferences.

A sales and use tax exemption for hog fuel is amended to specify that eligible hog fuel must be used to produce electricity, steam, heat, or biofuel in Washington state.

Other Provisions.

Several provisions are removed or repealed, including provisions to:

- authorize the WSDA to refuse, revoke, or suspend the registration of a motor fuel and to establish a motor fuel testing lab;
- make it unlawful to fail to register a motor fuel or submit incorrect, misleading, or false information regarding the registration of a motor fuel;
- establish an exemption from disclosure under the Public Records Act for financial and commercial information provided as evidence to the Department of Licensing for the registration of motor fuels;
- require state agencies using biodiesel fuel to file annual reports with the Department of Enterprise Services documenting the use of the fuel;
- establish a Biofuels Advisory Committee;
- authorize the Governor to suspend all or portions of the RFS; and
- require certain reports to the Legislature.

Appropriation: None.

Fiscal Note: Requested on January 26, 2018.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.