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SENATE BILL 5586

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State of Washington

60th Legislature

2007 Regular Session

By Senators Murray, Poulsen, Rockefeller, Kline, Kilmer, Regala, Marr, Weinstein, Oemig, Hargrove, Keiser, Fairley, Tom, Kohl-Welles and McAuliffe

Read first time 01/24/2007. Referred to Committee on Water, Energy & Telecommunications.

1 AN ACT Relating to providing for the means to encourage the use of  
2 cleaner energy thereby providing for healthier communities by reducing  
3 emissions; amending RCW 46.68.020, 53.08.040, 70.94.017, 19.112.010,  
4 19.112.120, 82.04.4334, and 82.08.955; adding a new section to chapter  
5 28A.300 RCW; adding a new section to chapter 15.110 RCW; adding a new  
6 section to chapter 19.112 RCW; adding new sections to chapter 43.19  
7 RCW; adding a new section to chapter 43.01 RCW; adding new sections to  
8 chapter 43.31 RCW; adding a new section to chapter 43.135 RCW; adding  
9 a new section to chapter 28B.30 RCW; creating new sections; prescribing  
10 penalties; and making appropriations.

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

12 NEW SECTION. **Sec. 1.** (1) The legislature finds that excessive  
13 dependence on fossil fuels jeopardizes Washington's economic security,  
14 environmental integrity, and public health. Accelerated development  
15 and use of clean fuels and clean vehicle technologies will reduce the  
16 drain on Washington's economy from importing fossil fuels. As fossil  
17 fuel prices rise, clean fuels and vehicles can save money for consumers  
18 while promoting the development of a major, sustainable industry that  
19 provides good jobs and a new source of rural prosperity.

1 (2) Clean fuels and vehicles will protect public health by reducing  
2 toxic air pollution and reduce our largest source of global warming  
3 pollution. The state must better understand and prepare for the  
4 effects of global warming and the challenges and opportunities  
5 associated with evolving climate policies and carbon markets.

6 (3) To reduce fossil fuel dependence and build our clean energy  
7 economy, the state should develop policies and incentives that help  
8 businesses, consumers, and farmers gain greater access to affordable  
9 clean fuels and vehicles and to produce clean fuels in the state.  
10 These policies and incentives should include: Incentives for  
11 replacement of the most polluting diesel engines, especially in school  
12 buses; transitional incentives for development of the most promising  
13 in-state clean fuels and fuel feedstocks, including biodiesel crops and  
14 ethanol from plant waste; reduced fossil fuel consumption by state  
15 fleets; development of promising new technologies for displacing  
16 petroleum with electricity, such as "plug-in hybrids"; and impact  
17 analysis and emission accounting procedures that prepare Washington to  
18 respond and prosper as global warming impacts occur and as policies and  
19 markets to reduce global warming pollution are developed.

20 **PART 1**

21 **CLEAN DIESEL INITIATIVE**

22 NEW SECTION. **Sec. 101.** (1) The legislature finds that fine  
23 particle air pollution attributable to diesel fuel is a significant  
24 health hazard to school children and other residents in our state.  
25 Sources of diesel emissions include diesel-powered trucks, buses and  
26 cars, diesel-powered marine vessels, construction equipment, trains,  
27 aircraft support equipment, cargo handling equipment, and a variety of  
28 other on and off-road engines. Reducing fine particles and toxic  
29 emissions reduces the adverse health impacts on children, reduces  
30 cancer risk, and reduces the incidence and severity of asthma attacks  
31 and chronic bronchitis. Reducing diesel emissions will also aid areas  
32 of the state facing potential nonattainment of new fine particle  
33 standards established by the United States environmental protection  
34 agency and help avoid the adverse health and economic impacts of  
35 nonattainment.

1 (2) Under the current Washington state clean school bus program,  
2 approximately seven thousand five hundred diesel school buses, over  
3 three-quarters of the existing fleet statewide, will be retrofitted by  
4 2008. Reduced exhaust emissions from these retrofitted buses provide  
5 cleaner air to breathe for the children riding the buses and the  
6 citizens in the communities served by the buses.

7 (3) The legislature finds that it is not cost-effective to retrofit  
8 much older buses because of their mechanical condition and very high  
9 emissions. Replacement with new, ultra-low emission buses, beginning  
10 with the model year 2007, is the most effective means to nearly  
11 eliminate the toxic emissions generated by the use of these older  
12 buses. In addition, newer buses are safer, more reliable, provide  
13 significantly higher fuel economy, and have lower overall operating  
14 costs. An incentive program to accelerate purchase of newer buses and  
15 replacement of older buses will more quickly achieve these gains and  
16 result in a lower health risk to children.

17 (4) Even with new federal diesel fuel and engine standards going  
18 into effect in 2006 and 2007, and due to the long life of diesel  
19 engines, diesel emissions will continue to be an air pollution concern  
20 for many years.

21 (5) Many public and private fleets continue to use diesel equipment  
22 that has not been retrofitted to reduce emissions. Therefore, the  
23 legislature finds that it is important to continue to take measures to  
24 reduce diesel emissions in our state so we protect the health of our  
25 citizens and create healthier communities. Reducing diesel emissions  
26 will also allow continued growth in major ports in the state by  
27 maintaining air quality within federal standards.

28 NEW SECTION. **Sec. 102.** A new section is added to chapter 28A.300  
29 RCW to read as follows:

30 (1) The office of the superintendent of public instruction shall  
31 implement a school bus replacement incentive program. As part of the  
32 program, the office shall fund up to ten percent of the cost of a new  
33 2007 or later model year school bus purchased by a school district by  
34 no later than June 30, 2009, provided that the new bus is replacing a  
35 1994 or older school bus in the school district's fleet. Replacement  
36 of the oldest buses must be given highest priority.

1 (2) The office of the superintendent of public instruction shall  
2 ensure that buses being replaced through this program are surplused  
3 under RCW 28A.335.180. As part of the surplus process, school  
4 districts must provide written documentation to the office of the  
5 superintendent of public instruction demonstrating that buses being  
6 replaced are scrapped and not purchased for road use. The  
7 documentation must include bus make, model, year, vehicle  
8 identification number, engine make, engine serial number, and salvage  
9 yard receipts; and must demonstrate that the engine and body of the bus  
10 being replaced has been rendered unusable.

11 (3) Any person who violates any of the provisions of this section  
12 may incur a civil penalty as provided under RCW 70.94.431.

13 NEW SECTION. **Sec. 103.** The sum of five million dollars, or as  
14 much thereof as may be necessary, is appropriated for the biennium  
15 ending June 30, 2009, from the clean energy incentive account created  
16 in section 601 of this act to the office of the superintendent of  
17 public instruction for the purposes of section 102 of this act.

18 **Sec. 104.** RCW 46.68.020 and 2004 c 200 s 3 are each amended to  
19 read as follows:

20 The director shall forward all fees for certificates of ownership  
21 or other moneys accruing under the provisions of chapter 46.12 RCW to  
22 the state treasurer, together with a proper identifying detailed  
23 report. The state treasurer shall credit such moneys as follows:

24 (1) The fees collected under RCW 46.12.040(1) and 46.12.101(6)  
25 shall be credited to the multimodal transportation account in RCW  
26 47.66.070.

27 (2)(a) Beginning July 27, 2003, and until July 1, (~~2008~~) 2020,  
28 the fees collected under RCW 46.12.080, 46.12.101(3), 46.12.170, and  
29 46.12.181 shall be credited as follows:

30 (i) 58.12 percent shall be credited to a segregated subaccount of  
31 the air pollution control account in RCW 70.94.015;

32 (ii) 16.60 percent shall be credited to the vessel response account  
33 created in RCW 90.56.335; and

34 (iii) The remainder shall be credited into the transportation 2003  
35 account (nickel account).

1 (b) Beginning July 1, (~~2008~~) 2020, and thereafter, the fees  
2 collected under RCW 46.12.080, 46.12.101(3), 46.12.170, and 46.12.181  
3 shall be credited to the transportation 2003 account (nickel account).

4 (3) The fees collected under RCW 46.12.040(3) and 46.12.060 shall  
5 be credited to the motor vehicle account.

6 **Sec. 105.** RCW 53.08.040 and 1989 c 298 s 1 are each amended to  
7 read as follows:

8 A district may improve its lands by dredging, filling, bulkheading,  
9 providing waterways or otherwise developing such lands for industrial  
10 and commercial purposes. A district may also acquire, construct,  
11 install, improve, and operate sewer and water utilities to serve its  
12 own property and other property owners under terms, conditions, and  
13 rates to be fixed and approved by the port commission. A district may  
14 also acquire, by purchase, construction, lease, or in any other manner,  
15 and may maintain and operate other facilities for the control or  
16 elimination of air, water, or other pollution, including, but not  
17 limited to, facilities for the treatment and/or disposal of industrial  
18 wastes, and may make such facilities available to others under terms,  
19 conditions and rates to be fixed and approved by the port commission.  
20 Such conditions and rates shall be sufficient to reimburse the port for  
21 all costs, including reasonable amortization of capital outlays caused  
22 by or incidental to providing such other pollution control facilities:  
23 PROVIDED, That no part of such costs of providing any pollution control  
24 facility to others shall be paid out of any tax revenues of the port:  
25 AND PROVIDED FURTHER, That no port shall enter into an agreement or  
26 contract to provide sewer and/or water utilities or pollution control  
27 facilities if substantially similar utilities or facilities are  
28 available from another source (or sources) which is able and willing to  
29 provide such utilities or facilities on a reasonable and  
30 nondiscriminatory basis unless such other source (or sources) consents  
31 thereto.

32 In the event that a port elects to make such other pollution  
33 control facilities available to others, it shall do so by lease, lease  
34 purchase agreement, or other agreement binding such user to pay for the  
35 use of said facilities for the full term of the revenue bonds issued by  
36 the port for the acquisition of said facilities, and said payments  
37 shall at least fully reimburse the port for all principal and interest

1 paid by it on said bonds and for all operating or other costs, if any,  
2 incurred by the port in connection with said facilities: PROVIDED,  
3 HOWEVER, That where there is more than one user of any such facilities,  
4 each user shall be responsible for its pro rata share of such costs and  
5 payment of principal and interest. Any port intending to provide  
6 pollution control facilities to others shall first survey the port  
7 district to ascertain the potential users of such facilities and the  
8 extent of their needs. The port shall conduct a public hearing upon  
9 the proposal and shall give each potential user an opportunity to  
10 participate in the use of such facilities upon equal terms and  
11 conditions.

12 "Pollution control facility," as used in this section and RCW  
13 53.08.041, does not include air quality improvement equipment that  
14 provides emission reductions for engines, vehicles, and vessels.

15 **Sec. 106.** RCW 70.94.017 and 2005 c 295 s 5 are each amended to  
16 read as follows:

17 (1) Money deposited in the segregated subaccount of the air  
18 pollution control account under RCW 46.68.020(2) shall be distributed  
19 as follows:

20 (a) Eighty-five percent shall be distributed to air pollution  
21 control authorities created under this chapter. The money must be  
22 distributed in direct proportion with the amount of fees imposed under  
23 RCW 46.12.080, 46.12.170, and 46.12.181 that are collected within the  
24 boundaries of each authority. However, an amount in direct proportion  
25 with those fees collected in counties for which no air pollution  
26 control authority exists must be distributed to the department.

27 (b) The remaining fifteen percent shall be distributed to the  
28 department.

29 (2) Money distributed to air pollution control authorities and the  
30 department under subsection (1) of this section must be used as  
31 follows:

32 (a) Eighty-five percent of the money received by an air pollution  
33 control authority or the department is available on a priority basis to  
34 retrofit school buses with exhaust emission control devices or to  
35 provide funding for fueling infrastructure necessary to allow school  
36 bus fleets to use alternative, cleaner fuels. In addition, the  
37 director of ecology or the air pollution control officer may direct

1 funding under this section for other publicly or privately owned diesel  
2 equipment if the director of ecology or the air pollution control  
3 officer finds that funding for other publicly or privately owned diesel  
4 equipment will provide public health benefits and further the purposes  
5 of this chapter.

6 (b) The remaining fifteen percent may be used by the air pollution  
7 control authority or department to reduce transportation-related air  
8 contaminant emissions and clean up air pollution, or reduce and monitor  
9 toxic air contaminants.

10 (3) Money in the air pollution control account may be spent by the  
11 department only after appropriation.

12 (4) This section expires July 1, 2020.

13 **PART 2**

14 **CLEAN FUELS INITIATIVE**

15 NEW SECTION. **Sec. 201.** (1) The legislature finds that the  
16 development of a Washington state-based feedstock agricultural market  
17 is highly desirable for producing biodiesel and ethanol. Research and  
18 incentive programs are needed to develop a market in Washington to  
19 produce cellulosic ethanol from wood waste and other organic materials.  
20 Cellulosic ethanol is a preferred biofuel because it provides much  
21 greater reductions in petroleum dependence and carbon emissions as  
22 compared to starch-based ethanol.

23 (2) It is important for the state of Washington to develop E85  
24 fueling stations for flex-fuel vehicles, which can use either unleaded  
25 gasoline or eighty-five percent ethanol blends. E85 is superior to  
26 lower percentage ethanol blends from an air quality and carbon  
27 perspective.

28 NEW SECTION. **Sec. 202.** A new section is added to chapter 15.110  
29 RCW to read as follows:

30 (1) Cellulosic ethanol production facilities are eligible for  
31 assistance under the energy freedom program.

32 (2) For the purposes of this section, "cellulosic ethanol" means  
33 ethanol derived from any lignocellulosic or hemicellulosic matter that  
34 is available on a renewable or recurring basis, including dedicated

1 energy crops and trees, wood and wood residues, plants, grasses,  
2 agricultural residues, fibers, animal wastes and other waste materials,  
3 and municipal solid waste.

4 NEW SECTION. **Sec. 203.** A new section is added to chapter 19.112  
5 RCW to read as follows:

6 (1) In addition to any other authority provided by law,  
7 conservation districts and public development authorities are  
8 authorized to enter into crop purchase contracts for a dedicated energy  
9 crop for the purposes of producing, selling, and distributing biodiesel  
10 produced from Washington state feedstocks, cellulosic ethanol, and  
11 cellulosic ethanol blend fuels.

12 (2) In addition to any other authority provided by law, electric  
13 utilities are authorized to produce and distribute biodiesel, ethanol,  
14 and ethanol blend fuels, including entering into crop purchase  
15 contracts for a dedicated energy crop for the purpose of generating  
16 electricity or producing biodiesel produced from Washington state  
17 feedstocks, cellulosic ethanol, and cellulosic ethanol blend fuels for  
18 use in internal operations of the electric utility and for sale or  
19 distribution.

20 NEW SECTION. **Sec. 204.** A new section is added to chapter 43.19  
21 RCW to read as follows:

22 (1) The department of general administration may contract in  
23 advance and execute contracts with public or private producers,  
24 suppliers, or other parties, for the purchase of biodiesel, ethanol,  
25 and ethanol blend fuels that include provisions for items including,  
26 but not limited to, fuel standards, crop origin, price, and delivery  
27 date.

28 (2) The department of general administration may combine the needs  
29 of local government agencies, including ports, special districts,  
30 school districts, and municipal corporations, for the purposes of  
31 executing biodiesel, ethanol, and ethanol blend fuels contracts and to  
32 secure a sufficient and stable supply of alternative fuels.

33 (3) The department of general administration shall develop E85 and  
34 biodiesel fueling stations for state and local fleets, and these  
35 stations must also be open to the public.



1           **Sec. 205.** RCW 19.112.010 and 2006 c 338 s 15 are each amended to  
2 read as follows:

3           The definitions in this section apply throughout this chapter  
4 unless the context clearly requires otherwise.

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

10           (2) "Diesel" means special fuel as defined in RCW 82.38.020, and  
11 diesel fuel dyed in accordance with the regulations in 26 C.F.R. Sec.  
12 48.4082-1T as of October 24, 2005.

13           (3) "Director" means the director of agriculture.

14           (4) "E85 motor fuel" means an alternative fuel that is a blend of  
15 denatured ethanol and hydrocarbon that typically contains eighty-five  
16 percent ethanol by volume, but at a minimum must contain seventy  
17 percent ethanol by volume, and complies with ASTM specification D5798-  
18 99.

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

26           **Sec. 206.** RCW 19.112.120 and 2006 c 338 s 3 are each amended to  
27 read as follows:

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

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

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

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

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

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

20 **Sec. 207.** RCW 82.04.4334 and 2003 c 63 s 1 are each amended to  
21 read as follows:

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

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

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

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

35 (b) ~~(("Alcohol fuel" means any alcohol made from a product other  
36 than petroleum or natural gas, which is used alone or in combination  
37 with gasoline or other petroleum products for use as a fuel for motor~~

1 ~~vehicles, farm implements and machines, or implements of husbandry))~~  
2 "E85 motor fuel" means an alternative fuel that is a blend of denatured  
3 ethanol and hydrocarbon that typically contains eighty-five percent  
4 ethanol by volume, but at a minimum must contain seventy percent  
5 ethanol by volume, and complies with ASTM specification D5798-99.

6 (c) "Distribution" means any of the actions specified in RCW  
7 82.36.020(2).

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

9 **Sec. 208.** RCW 82.08.955 and 2003 c 63 s 2 are each amended to read  
10 as follows:

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

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

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

35 (4) For the purposes of this section, the definitions in RCW  
36 82.04.4334 and this subsection apply.

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

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

5 (b) "E85 motor fuel" means an alternative fuel that is a blend of  
6 denatured ethanol and hydrocarbon that typically contains eighty-five  
7 percent ethanol by volume, but at a minimum must contain seventy  
8 percent ethanol by volume, and complies with ASTM specification D5798-  
9 99.

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

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

17 **PART 3**

18 **ESTABLISH GOALS FOR EMISSION REDUCTION**  
19 **OF THE STATE'S MOTOR VEHICLE FLEETS**

20 NEW SECTION. **Sec. 301.** The legislature finds that there is a  
21 compelling public interest in reducing fossil fuel dependence and  
22 emissions of global warming pollution. It is important for the state  
23 of Washington to demonstrate leadership in this regard and achieve  
24 reductions in the use of fossil fuels by state fleets.

25 NEW SECTION. **Sec. 302.** A new section is added to chapter 43.19  
26 RCW to read as follows:

27 (1) By no later than January 1, 2020, the annual fossil fuel usage  
28 by the state's motor vehicle fleets must be at least twenty-five  
29 percent below the annual usage for the year 2006.

30 (2) When tires on vehicles in the state's motor vehicle fleet are  
31 replaced, they must be replaced with tires that have the same or better  
32 rolling resistance as the original tires.

33 (3) The governor shall report to the legislature at the beginning  
34 of each biennium until January 1, 2020, on progress towards meeting the  
35 goals in this section and any barriers to achieving the goals.

1 (4) The governor may designate funds from the clean energy  
2 incentive account created in section 601 of this act to state agencies  
3 for the purpose of assisting state agencies in meeting the goals of  
4 this section.

5 NEW SECTION. **Sec. 303.** A new section is added to chapter 43.01  
6 RCW to read as follows:

7 It is in the state's interest and to the benefit of the people of  
8 the state to encourage the use of electrical vehicles in order to  
9 reduce emissions and provide the public with cleaner air. This section  
10 expressly authorizes the purchase of power at state expense to recharge  
11 privately and publicly owned plug-in electrical vehicles at state  
12 office locations where the vehicles are used for state business, are  
13 commute vehicles, or where the vehicles are at the state location for  
14 the purpose of conducting business with the state.

15 **PART 4**

16 **VEHICLE ELECTRIFICATION WORK GROUP**

17 NEW SECTION. **Sec. 401.** (1) The legislature finds that it is in  
18 the state's interest and to the benefit of the people of the state to  
19 encourage the use of electrical vehicle technology that will reduce  
20 fossil fuel dependence and toxic air pollution. Displacing petroleum  
21 with electricity will keep more energy expenditures and jobs in  
22 Washington's economy instead of being lost to fossil fuel imports.

23 (2) Motor vehicles produce more than half of the global warming  
24 pollution in the state of Washington. Reducing the use of fossil fuels  
25 through alternatives such as electrification is one of the most  
26 practical, beneficial climate solutions available to the state and its  
27 citizens.

28 (3) The legislature finds that cleaner fuels and vehicles,  
29 including vehicles that use electricity, can help the state achieve  
30 better public health, increased energy security, and substantial  
31 economic benefits.

32 NEW SECTION. **Sec. 402.** (1) The vehicle electrification work group  
33 is established. Members of the group must be appointed by the governor  
34 and must include representatives of state and local government

1 agencies, ports, private and public electrical power utilities,  
2 environmental interests, regional air quality agencies, and other  
3 stakeholder groups. Staff for the work group must be provided by the  
4 department of community, trade, and economic development and the office  
5 of the governor, with additional staff to be provided by other state  
6 agencies and the legislature, as may be required or requested.

7 (2) The vehicle electrification work group shall review, study,  
8 evaluate, and make recommendations on at least the following items:

9 (a) Use by the state of plug-in hybrid vehicles and developing  
10 plug-in availability at state locations;

11 (b) Incentives to encourage the use of plug-in truck auxiliary  
12 power units and truck stop electrification;

13 (c) Use of plug-in shore power for cargo and cruise ship terminals;

14 (d) Potential uses for and availability of plug-in hybrid school  
15 buses;

16 (e) Potential electrical grid impacts on electrical power  
17 consumption of the conversion of a meaningful portion of the state's  
18 private and public fleet to plug-in electrical power;

19 (f) Tax and fee incentives to encourage individual and fleet  
20 purchases of plug-in hybrid vehicles;

21 (g) State laws, rules, tariffs, and policies that impact  
22 transportation electrification and plug-in adoption, including pricing  
23 with incentives for off-peak charging;

24 (h) Measures to encourage the use of plug-in vehicles by public  
25 fleets, and resulting cost savings;

26 (i) Explore the potential for the use of electrification of fixed  
27 transit routes for magnetic levitation propulsion systems;

28 (j) Actions by the state to help industries located in the state  
29 participate in developing and manufacturing plug-in vehicles and  
30 vehicle-to-grid technologies;

31 (k) Additional ways the state can promote transportation  
32 electrification in the private and public sectors, including cars and  
33 light-duty vehicles, and truck stop and port electrification; and

34 (l) Potential partners for vehicle-to-grid pilot projects that test  
35 the use of parked plug-in vehicles for power grid energy storage and  
36 support.

37 (3) The vehicle electrification work group must complete its work  
38 by December 1, 2008. The work group must submit an interim report to

1 the governor stating its findings, conclusions, and interim  
2 recommendations by December 1, 2007. The group must submit a final  
3 report to the governor stating its findings, conclusions, and final  
4 recommendations by December 1, 2008.

5 NEW SECTION. **Sec. 403.** The sum of five hundred thousand dollars,  
6 or as much thereof as may be necessary, is appropriated for the  
7 biennium ending June 30, 2009, from the clean energy incentive account  
8 created in section 601 of this act to the department of community,  
9 trade, and economic development for the purposes of staffing the  
10 vehicle electrification work group and providing research to carry out  
11 the work of the group.

12 **PART 5**  
13 **PLANNING FOR THE FUTURE**

14 NEW SECTION. **Sec. 501.** (1) The legislature finds that climate  
15 change is expected to have significant impacts in the Pacific Northwest  
16 region in the near and long-term future. These impacts include, among  
17 other things, increased temperatures, declining snowpack, more frequent  
18 heavy rainfall and flooding, receding glaciers, rising sea levels,  
19 increased risks to public health due to insect and rodent-borne  
20 diseases, declining salmon populations, and increased drought and risk  
21 of forest fires.

22 (2) The legislature recognizes the need at this time to continue to  
23 gather and analyze information related to climate protection. This  
24 will allow prudent steps to be taken to avoid, mitigate, or respond to  
25 climate impacts and protect our communities.

26 (3) The analysis of the health impacts of climate protection is  
27 needed to help prepare the state for and avoid health impacts such as  
28 West Nile virus and respiratory disease. At the same time, this  
29 analysis will contribute to our strategic thinking and planning for the  
30 impacts of climate change.

31 (4) The legislature finds that it is important for the state of  
32 Washington to participate in emerging regional, national, and  
33 international markets to mitigate climate change. The state has a  
34 strong interest in ensuring that climate policies and emission markets  
35 are designed to appropriately recognize our unique energy assets.

1 Further, the legislature recognizes that any market system related to  
2 climate protection must be based on credible and durable accounting  
3 principles and have equally applicable rules across sectors in order to  
4 promote economically and environmentally effective trading.

5 NEW SECTION. **Sec. 502.** The sum of two hundred fifty thousand  
6 dollars, or as much thereof as may be necessary, is appropriated for  
7 the biennium ending June 30, 2009, from the clean energy incentive  
8 account created in section 601 of this act to the department of health  
9 for the purposes of contracting for an analysis of the potential human  
10 health impacts of global warming on the state of Washington.

11 NEW SECTION. **Sec. 503.** The sum of five hundred thousand dollars,  
12 or as much thereof as may be necessary, is appropriated for the  
13 biennium ending June 30, 2009, from the clean energy incentive account  
14 created in section 601 of this act to the department of community,  
15 trade, and economic development for the purposes of developing and  
16 recommending a framework for the state of Washington to participate in  
17 emerging regional, national, and global markets to mitigate climate  
18 change, on a multisector basis, including the forest sector. This  
19 framework must include, but not be limited to, credible, verifiable,  
20 replicable inventory and accounting methodologies for each sector  
21 involved.

22 **PART 6**

23 **CLEAN ENERGY INCENTIVE ACCOUNT**

24 NEW SECTION. **Sec. 601.** A new section is added to chapter 43.31  
25 RCW to read as follows:

26 The clean energy incentive account is created in the state  
27 treasury. All receipts from appropriations made to the account must be  
28 deposited into the account. Moneys in the account may be spent only  
29 after appropriation. Expenditures from the account may be used only  
30 for the purposes of this act.

31 NEW SECTION. **Sec. 602.** The sum of twenty million dollars, or as  
32 much thereof as may be necessary, is appropriated for the biennium



1 ending June 30, 2009, from the clean energy incentive account created  
2 in section 601 of this act to the department of community, trade, and  
3 economic development for the purposes of this act.

4 NEW SECTION. **Sec. 603.** A new section is added to chapter 43.135  
5 RCW to read as follows:

6 RCW 43.135.035(4) does not apply to the transfers established in  
7 this act.

8 NEW SECTION. **Sec. 604.** A new section is added to chapter 43.19  
9 RCW to read as follows:

10 The department of general administration shall develop a pilot  
11 program for providing E85 fueling capacity at appropriate intervals and  
12 locations along at least interstate routes 5 and 90 throughout the  
13 state for the use of public and private vehicles.

14 NEW SECTION. **Sec. 605.** The sum of five hundred thousand dollars,  
15 or as much thereof as may be necessary, is appropriated for the  
16 biennium ending June 30, 2009, from the clean energy incentive account  
17 created in section 601 of this act to the department of general  
18 administration for the purposes of section 604 of this act and for the  
19 purpose of providing greater access to public fueling capacity for  
20 biodiesel.

21 NEW SECTION. **Sec. 606.** A new section is added to chapter 28B.30  
22 RCW to read as follows:

23 The Washington State University energy program is directed to  
24 analyze and recommend models for possible implementation by the  
25 legislature or the executive office for at least the following  
26 potential biofuels incentive programs:

27 (1) A biofuels crop insurance program to be created, administered,  
28 and funded for Washington state biofuel crop farmers;

29 (2) Market incentives to encourage instate production of brassica-  
30 based biodiesel, and cellulosic ethanol, including such market methods  
31 as direct grants, production tax credits, and the issuance by the state  
32 of advance guaranteed purchase contracts;

33 (3) Possible preferred research programs, grants, or other forms of

1 assistance for accelerating the development of instate production of  
2 cellulosic ethanol;

3 (4) Coordinate with the Western Washington University alternative  
4 automobile program for opportunities to support new Washington state  
5 technology for conversion of fossil fuel fleets to biofuel, hybrid, or  
6 alternative fuel propulsion; and

7 (5) Strategies for furthering the penetration of the Washington  
8 state fossil fuel market with Washington produced biofuels,  
9 particularly among public entities.

10 NEW SECTION. **Sec. 607.** The sum of six million seven hundred fifty  
11 thousand dollars, or as much thereof as may be necessary, is  
12 appropriated for the biennium ending June 30, 2009, from the clean  
13 energy incentive account created in section 601 of this act to  
14 Washington State University for the purposes of section 606 of this act  
15 and for qualifying for potential federal matching funds for research on  
16 biofuels.

17 NEW SECTION. **Sec. 608.** A new section is added to chapter 43.31  
18 RCW to read as follows:

19 The following goals and criteria should be considered in evaluating  
20 potential biofuel incentives to be offered by the clean energy  
21 incentive account created in section 601 of this act: To assist  
22 Washington farmers and businesses in the development of economically  
23 viable, sustained instate biofuel and biofuel feedstock production; to  
24 leverage and encourage private investment in biofuel and biofuel  
25 feedstock production; and to assist in the development of biofuel  
26 feedstocks and production techniques that deliver the greatest net  
27 reductions in petroleum dependence and carbon emissions.

28 NEW SECTION. **Sec. 609.** The sum of six million five hundred  
29 thousand dollars, or as much thereof as may be necessary, is  
30 appropriated for the biennium ending June 30, 2009, from the clean  
31 energy incentive account created in section 601 of this act to the  
32 department of community, trade, and economic development for allocation  
33 to projects authorized by the office of financial management for the  
34 implementation of the mandates in this act for state fossil fuel use

1 reduction, implementation of the recommendations of the vehicle  
2 electrification work group, and research or pilot program grants  
3 necessary to carry out this act.

4 **PART 7**

5 **MISCELLANEOUS**

6 NEW SECTION. **Sec. 701.** Part headings used in this act are not any  
7 part of the law.

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