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**SUBSTITUTE HOUSE BILL 2738**

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**State of Washington**

**59th Legislature**

**2006 Regular Session**

**By** House Committee on Technology, Energy & Communications (originally sponsored by Representatives Holmquist, Dunshee, Dunn, Chase, Grant, Rodne, Haler, Kessler, Kilmer, Green, Sells, Kenney, McCoy, Simpson, Roberts, Ormsby, Moeller, Morrell, Linville, Hudgins, McCune and Hinkle; by request of Governor Gregoire)

READ FIRST TIME 01/31/06.

1 AN ACT Relating to developing minimum renewable fuel content  
2 requirements and fuel quality standards; amending RCW 19.112.020;  
3 adding new sections to chapter 19.112 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 that it is in the  
6 public interest to establish a market for alternative fuels in  
7 Washington. Minimum renewable fuel content in our fuel supply that  
8 meets appropriate fuel quality standards will reduce our dependence on  
9 imports of foreign oil, provide cleaner air for our citizens, and  
10 stimulate the creation of a new industry that benefits our farmers and  
11 rural communities.

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

14 (1) All diesel fuel sold or offered for sale in Washington shall  
15 contain at least two percent biodiesel fuel by volume when the director  
16 determines that a predominant portion of the feedstock to satisfy the  
17 two percent requirement was grown in Washington state, or the date  
18 November 30, 2008, has passed.

1 (2) If the director determines that both in-state oil seed crushing  
2 capacity and feedstock grown in Washington state can satisfy the two  
3 percent requirement, all diesel fuel sold or offered for sale in  
4 Washington must contain at least five percent biodiesel fuel by volume.  
5 The director shall allow blenders and retailers six months to meet the  
6 five percent requirement.

7 (3) For the purposes of this chapter, "biodiesel fuel" has the  
8 meaning provided in RCW 82.29A.135.

9 (4) The director shall adopt rules for enforcing and carrying out  
10 the purposes of this section.

11 NEW SECTION. **Sec. 3.** A new section is added to chapter 19.112 RCW  
12 to read as follows:

13 (1) Beginning December 1, 2008, all gasoline sold or offered for  
14 sale in Washington shall contain at least two percent denatured ethanol  
15 by volume.

16 (2) If the director of ecology determines that ethanol content  
17 greater than two percent will not jeopardize continued attainment of  
18 the federal clean air act's national ambient air quality standard for  
19 ozone pollution in Washington and the director of agriculture  
20 determines that sufficient raw materials are available within  
21 Washington to support economical production of ethanol at higher  
22 levels, the director of agriculture may require by rule that all  
23 gasoline sold or offered for sale in Washington shall contain up to a  
24 maximum of ten percent of denatured ethanol by volume. The director  
25 shall allow blenders and retailers six months to meet the new minimum  
26 content requirement.

27 (3) The director shall adopt rules for enforcing and carrying out  
28 the purposes of this section.

29 **Sec. 4.** RCW 19.112.020 and 1990 c 102 s 3 are each amended to read  
30 as follows:

31 (1) This chapter shall be administered by the director or his or  
32 her authorized agent. ((For the purpose of administering this  
33 chapter,))

34 (2) The director shall adopt rules for maintaining standards for  
35 biodiesel fuel or fuel blended with biodiesel fuel by adopting all or  
36 part of the standards set forth in the Annual Book of ASTM Standards

1 and supplements (~~thereto, and revisions thereof, are adopted~~),  
2 amendments, or revisions thereof, all or part of the standards set  
3 forth in the National Institute of Standards and Technology (NIST)  
4 Handbook 130, Uniform Laws and Regulations in the areas of legal  
5 metrology and engine fuel quality rules, and any supplements,  
6 amendments, or revisions thereof, together with applicable federal  
7 environmental protection agency standards. If a conflict exists  
8 between federal environmental protection agency standards, ASTM  
9 standards, or (~~state~~) NIST standards, for purposes of uniformity,  
10 federal environmental protection agency standards shall take precedence  
11 over ASTM and NIST standards. (~~Any state standards adopted must be~~  
12 ~~consistent with federal environmental protection agency standards and~~  
13 ~~ASTM standards not in conflict with federal environmental protection~~  
14 ~~agency standards.)) The department of agriculture shall not exceed ASTM  
15 standards for diesel.~~

16 (3) The director may establish a fuel testing laboratory or may  
17 contract with a laboratory for testing. The director may also adopt  
18 rules on false and misleading advertising, labeling and posting of  
19 prices, and the standards for, and identity of, motor fuels. The  
20 director shall require fuel pumps offering two percent biodiesel and  
21 ethanol blends to be identified by a label stating the percentage of  
22 biodiesel or ethanol.

23 NEW SECTION. Sec. 5. A new section is added to chapter 19.112 RCW  
24 to read as follows:

25 The director shall establish a biofuels advisory committee to  
26 advise the director on implementing the minimum renewable fuel content  
27 requirements, including applicability to all users, and how the use of  
28 renewable fuel blends greater than two percent could achieve the goals  
29 of this act. The director shall make recommendations to the  
30 legislature and the governor on the implementation of this act by  
31 September 1, 2007.

32 NEW SECTION. Sec. 6. A new section is added to chapter 19.112 RCW  
33 to read as follows:

34 The director may suspend all or portions of the minimum renewable  
35 fuel content requirements in sections 2 and 3 of this act based on a

1 determination that such requirements are temporarily technically or  
2 economically infeasible.

3 NEW SECTION. **Sec. 7.** A new section is added to chapter 19.112 RCW  
4 to read as follows:

5 If, by November 30, 2008, the director of agriculture determines  
6 that the state's diesel fuel supply is comprised of at least ten  
7 percent biodiesel made predominantly from Washington feedstock, and the  
8 goals of this act have been achieved, then the requirements in section  
9 2 of this act shall be null and void.

10 If, by November 30, 2008, the director of agriculture determines  
11 that the state's gasoline fuel supply is comprised of at least five  
12 percent ethanol made predominantly from Washington feedstock, without  
13 jeopardizing continued attainment of the federal clean air act's  
14 national ambient air quality standard for ozone pollution, and the  
15 goals of this act have been achieved, then the requirements in section  
16 3 of this act shall be null and void.

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