

By Senator McCoy

**E2SHB 1110** - S COMM AMD

By Committee on Environment, Energy &amp; Technology

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that rapid  
4 innovations in low-carbon transportation technologies, including  
5 electric vehicles and clean transportation fuels, are at the  
6 threshold of widespread commercial deployment. In order to help  
7 prompt the use of clean fuels, other states have successfully  
8 implemented programs that reduce the carbon intensity of their  
9 transportation fuels. Without disruptions to fuel markets or  
10 significant impacts to the costs of transportation fuels, California  
11 and Oregon have both implemented low carbon fuel standards that are  
12 similar to the program created in this act. Washington state has  
13 extensively studied the potential impact of a clean fuels program,  
14 and most projections show that a low carbon fuel standard would  
15 decrease greenhouse gas and conventional air pollutant emissions,  
16 while positively impacting the state's economy.

17 (2) The legislature further finds that the health and welfare of  
18 the people of the state of Washington is threatened by the prospect  
19 of crumbling or swamped coastlines, rising water, and more intense  
20 forest fires caused by higher temperatures and related droughts, all  
21 of which are intensified and made more frequent by the volume of  
22 greenhouse gas emissions. As of 2015, the transportation sector  
23 contributes forty-three percent of Washington's greenhouse gas  
24 emissions, and the legislature's interest in the life cycle of the  
25 fuels used in the state arises from a concern for the effects of the  
26 production and use of these fuels on Washington's environment and  
27 public health, including its air quality, snowpack, and coastline.

28 (3) The legislature finds that the people already pay the costs  
29 of multiple taxes and regulatory mandates on each molecule of fossil  
30 fuels used for transportation, including:

31 (a) The state oil spill response tax;

- 1 (b) The state oil spill administration tax;
- 2 (c) The state hazardous substance tax used to fund the state  
3 toxics control account, the local toxics control account, and the  
4 environmental legacy and stewardship account;
- 5 (d) The combined state and federal motor vehicle 67.8 cent taxes  
6 to fund transportation projects;
- 7 (e) The federal leaking underground storage tank tax and the  
8 state petroleum products tax for underground storage tanks;
- 9 (f) Applicable state and local sales taxes; and
- 10 (g) The federal renewable fuel standard.
- 11 (4) Therefore, it is the intent of the legislature to support the  
12 deployment of clean transportation fuel technologies through a  
13 carefully designed program that reduces the carbon intensity of fuel  
14 used in Washington, in order to:
- 15 (a) Reduce levels of conventional air pollutants from diesel and  
16 gasoline that are harmful to public health;
- 17 (b) Reduce greenhouse gas emissions associated with  
18 transportation fuels, which are the state's largest source of  
19 greenhouse gas emissions; and
- 20 (c) Create jobs and spur economic development based on innovative  
21 clean fuel technologies.

22 NEW SECTION. **Sec. 2.** The definitions in this section apply  
23 throughout this section and sections 3 through 13 of this act unless  
24 the context clearly indicates otherwise.

25 (1) "Carbon dioxide equivalents" has the same meaning as defined  
26 in RCW 70.235.010.

27 (2) "Clean fuels program" means the requirements established by  
28 this act.

29 (3) "Cost" means an expense connected to the manufacture,  
30 distribution, or other aspects of the provision of a transportation  
31 fuel product.

32 (4) "Credit" means a unit of measure equal to one metric ton of  
33 carbon dioxide equivalents.

34 (5) "Deficit" means a unit of measure generated when a  
35 transportation fuel with a carbon intensity that is greater than the  
36 applicable standard adopted by the department under section 3 of this  
37 act is produced, imported, or dispensed for use in Washington, such  
38 that one deficit is equal to one metric ton of carbon dioxide  
39 equivalents.

1 (6) "Electric utility" means a consumer-owned utility or  
2 investor-owned utility, as those terms are defined in RCW 19.29A.010.

3 (7) "Greenhouse gas" has the same meaning as defined in RCW  
4 70.235.010.

5 (8) "Military tactical vehicle" means a motor vehicle owned by  
6 the United States department of defense or the United States military  
7 services and that is used in combat, combat support, combat service  
8 support, tactical or relief operations, or training for such  
9 operations.

10 (9) "Motor vehicle" has the same meaning as defined in RCW  
11 46.04.320.

12 (10) "Price" means the amount of payment or compensation provided  
13 as consideration for a specified quantity of transportation fuel by a  
14 consumer or end user of the transportation fuel.

15 (11) "Renewable hydrogen" means hydrogen produced using renewable  
16 resources both as the source for the hydrogen and the source for the  
17 energy input into the production process.

18 (12) "Renewable natural gas" means a gas consisting largely of  
19 methane and other hydrocarbons derived from the decomposition of  
20 organic material in landfills, wastewater treatment facilities, and  
21 anaerobic digesters.

22 (13) "Renewable resource" means: (a) Water; (b) wind; (c) solar  
23 energy; (d) geothermal energy; (e) renewable natural gas as defined  
24 in RCW 54.04.190; (f) renewable hydrogen; (g) wave, ocean, or tidal  
25 power; (h) biodiesel fuel that is not derived from crops raised on  
26 land cleared from old growth or first growth forests; or (i) biomass  
27 energy.

28 (14)(a) "Tactical support equipment" means equipment using a  
29 portable engine, including turbines, that meets military  
30 specifications, owned by the United States military services or its  
31 allies, and that is used in combat, combat support, combat service  
32 support, tactical or relief operations, or training for such  
33 operations.

34 (b) "Tactical support equipment" includes, but is not limited to,  
35 engines associated with portable generators, aircraft start carts,  
36 heaters, and lighting carts.

37 (15) "Transportation fuel" means electricity and any liquid or  
38 gaseous fuel sold, supplied, offered for sale, or used for the  
39 propulsion of a motor vehicle or that is intended for use for  
40 transportation purposes.

1        NEW SECTION.    **Sec. 3.**    (1) The department shall adopt rules that  
2 establish standards that reduce the greenhouse gas emissions per unit  
3 of fuel energy (carbon intensity) in transportation fuels used in  
4 Washington. The standards established by the rules must be based on  
5 the carbon intensity of gasoline and gasoline substitutes and the  
6 carbon intensity of diesel and diesel substitutes. The rules adopted  
7 under this section must reduce the greenhouse gas emissions  
8 attributable to each unit of the fuels to ten percent below 2017  
9 levels by 2028 and twenty percent below 2017 levels by 2035. The  
10 rules must establish a start date for the clean fuels program of no  
11 later than January 1, 2021. To the extent the requirements of this  
12 act conflict with the requirements of chapter 19.112 RCW, the  
13 requirements of this act prevail.

14        (2) The direction to the department to adopt rules under this  
15 section is not an acknowledgment, denial, or limitation of any  
16 authority of the department that existed prior to the effective date  
17 of this section to adopt rules related to the greenhouse gas  
18 emissions intensity of fuel under other provisions of this chapter  
19 including, but not limited to, RCW 70.94.151 and 70.94.331.

20        (3) (a) Transportation fuels exported from Washington are not  
21 subject to the greenhouse gas emissions reduction requirements in  
22 this section.

23        (b) Electricity is not subject to the greenhouse gas emissions  
24 reduction requirements in this section.

25        NEW SECTION.    **Sec. 4.**    The rules adopted by the department to  
26 achieve the greenhouse gas emissions reductions per unit of fuel  
27 energy specified in section 3 of this act must include, but are not  
28 limited to, the following:

29        (1) Standards for greenhouse gas emissions attributable to the  
30 transportation fuels throughout their life cycles, including but not  
31 limited to emissions from the production, storage, transportation,  
32 and combustion of transportation fuels and from changes in land use  
33 associated with transportation fuels.

34        (a) The rules adopted by the department under this subsection (1)  
35 may:

36        (i) Include provisions to address the efficiency of a fuel as  
37 used in a powertrain as compared to a reference fuel; and

1 (ii) Consider carbon intensity calculations for transportation  
2 fuels developed by national laboratories or used by similar programs  
3 in other states.

4 (b) The rules adopted by the department under this subsection (1)  
5 must:

6 (i) Neutrally consider the life-cycle emissions associated with  
7 transportation fuels with respect to the political jurisdiction in  
8 which the fuels originated and may not discriminate against fuels on  
9 the basis of having originated in another state or jurisdiction.  
10 Nothing in this subsection may be construed to prohibit inclusion or  
11 assessment of emissions related to fuel production, storage,  
12 transportation, or combustion or associated changes in land use in  
13 determining the carbon intensity of a fuel. At minimum, the  
14 department must consider associated changes in land use in  
15 determining the carbon intensity of transportation fuel produced in  
16 whole or in part from sugar cane;

17 (ii) Measure greenhouse gas emissions associated with electricity  
18 based on a mix of generation resources specific to each electric  
19 utility participating in the clean fuels program. The department may  
20 apply an asset-controlling supplier emission factor certified or  
21 approved by a similar program to reduce the greenhouse gas emissions  
22 associated with transportation fuels in another state; and

23 (iii) Include procedures for setting and adjusting the amounts of  
24 greenhouse gas emissions per unit of fuel energy that is assigned to  
25 transportation fuels under this subsection.

26 (c) If the department determines that it is necessary for  
27 purposes of accurately measuring greenhouse gas emissions associated  
28 with transportation fuels, the department may require transportation  
29 fuel suppliers to submit data or information to be used for purposes  
30 of calculating greenhouse gas emissions that is different from or  
31 additional to the greenhouse gas emissions data reported under RCW  
32 70.94.151(5) (a) (iii).

33 (d) If the department determines that it is necessary for  
34 purposes of accurately measuring greenhouse gas emissions associated  
35 with electricity supplied to retail customers by an electric utility,  
36 the department may require electric utilities participating in the  
37 clean fuels program to submit data or information to be used for  
38 purposes of calculating greenhouse gas emissions that is different  
39 from or additional to the fuel mix disclosure information submitted  
40 under chapter 19.29A RCW. To the extent practicable, rules adopted by

1 the department may allow data requested of utilities to be submitted  
2 in a form and manner consistent with other required state or federal  
3 data submissions. Under the program, zero associated lifecycle  
4 greenhouse gas emissions must be attributed to electricity produced  
5 from hydroelectric generation, including incremental hydroelectric  
6 generation. Electricity from hydroelectric generation, including  
7 incremental hydroelectric generation, that is used as transportation  
8 fuel must be provided credit under the program. For the purposes of  
9 this section, "incremental hydroelectric generation" means  
10 electricity produced as a result of efficiency improvements from  
11 hydroelectric generation projects where the additional generation  
12 does not result in new water diversions or impoundments;

13 (2) Provisions allowing for the achievement of limits on the  
14 greenhouse gas emissions intensity of transportation fuels in section  
15 3 of this act to be achieved by any combination of credit generating  
16 activities capable of meeting such standards, consistent with the  
17 limitations of subsection (3)(a) of this section. Where such  
18 provisions would not produce results counter to the emission  
19 reduction goals of the program or prove administratively burdensome  
20 for the department, the rules should provide each participant in the  
21 clean fuels program with the opportunity to demonstrate appropriate  
22 carbon intensity values taking into account both emissions from  
23 production facilities and elsewhere in the production cycle;

24 (3)(a) Methods for assigning compliance obligations and methods  
25 for tracking tradable credits. The department may assign the  
26 generation of a credit when a fuel with associated life-cycle  
27 greenhouse gas emissions that are lower than the applicable per-unit  
28 standard adopted by the department under section 3 of this act is  
29 produced, imported, or dispensed for use in Washington, or when  
30 specified activities are undertaken that support the reduction of  
31 greenhouse gas emissions associated with transportation in  
32 Washington. Transportation fuels with associated greenhouse gas  
33 emissions exceeding eighty percent of the 2017 levels established in  
34 section 3 of this act are not eligible to generate credits under the  
35 clean fuels program. Transportation fuels that are refined or  
36 otherwise wholly or partly derived from palm oil are not eligible to  
37 generate credits under the clean fuels program;

38 (b) Mechanisms that allow credits to be traded and to be banked  
39 for future compliance periods; and

1 (c) Procedures for verifying the validity of credits and deficits  
2 generated under the clean fuels program;

3 (4) Mechanisms to elect to participate in the clean fuels program  
4 for persons associated with the supply chains of transportation fuels  
5 that are eligible to generate credits consistent with subsection (3)  
6 of this section, including producers, importers, distributors, users,  
7 or retailers of such fuels;

8 (5) Mechanisms for persons associated with the supply chains of  
9 transportation fuels that are used for purposes that are exempt from  
10 the clean fuels program compliance obligations, including but not  
11 limited to electricity and fuels used by aircraft, vessels, railroad  
12 locomotives, and other exempt fuels specified in section 5 of this  
13 act, to elect to participate in the clean fuels program by earning  
14 credits for the production, import, distribution, use, or retail of  
15 exempt fuels with associated life-cycle greenhouse gas emissions  
16 lower than the per-unit standard established in section 3 of this  
17 act;

18 (6) Cost containment mechanisms.

19 (a) Cost containment mechanisms may include, but are not limited  
20 to:

21 (i) A credit clearance market designed to make credits available  
22 for sale to regulated persons after the conclusion of a compliance  
23 period at a department-determined price; or

24 (ii) Similar procedures that provide a means of compliance with  
25 the clean fuels program requirements in the event that a regulated  
26 person has not been able to acquire sufficient volumes of credits at  
27 the end of a compliance period.

28 (b) Any cost containment mechanisms must be designed to provide  
29 financial disincentive for regulated persons to rely on the cost  
30 containment mechanism for purposes of program compliance instead of  
31 seeking to generate or acquire sufficient credits under the program;

32 (7) Authority for the department to designate an entity to  
33 aggregate and use unclaimed credits associated with persons that  
34 elect not to participate in the clean fuels program under subsection  
35 (4) of this section.

36 NEW SECTION. **Sec. 5.** (1) The rules adopted under sections 3 and  
37 4 of this act must include exemptions for, at minimum, the following  
38 transportation fuels:

1 (a) Fuels used in volumes below thresholds adopted by the  
2 department;

3 (b) Fuels used for the propulsion of all aircraft, vessels, and  
4 railroad locomotives; and

5 (c) Fuels used for the operation of military tactical vehicles  
6 and tactical support equipment.

7 (2)(a) The rules adopted under sections 3 and 4 of this act must  
8 exempt the following transportation fuels from greenhouse gas  
9 emission intensity reduction requirements until January 1, 2028:

10 (i) Special fuel used off-road in vehicles used primarily to  
11 transport logs;

12 (ii) Dyed special fuel used in vehicles that are not designed  
13 primarily to transport persons or property, that are not designed to  
14 be primarily operated on highways, and that are used primarily for  
15 construction work including, but not limited to, mining and timber  
16 harvest operations; and

17 (iii) Dyed special fuel used for agricultural purposes exempt  
18 from chapter 82.38 RCW.

19 (b) Prior to January 1, 2028, fuels identified in this subsection  
20 (2) are eligible to generate credits, consistent with section 4(5) of  
21 this act. Beginning January 1, 2028, the fuels identified in this  
22 subsection (2) are subject to the greenhouse gas emission intensity  
23 reduction requirements applicable to transportation fuels specified  
24 in section 3 of this act.

25 (3) The department may adopt rules to specify the standards for  
26 persons to qualify for the exemptions provided in this section. The  
27 department may implement the exemptions under subsection (2) of this  
28 section to align with the implementation of exemptions for similar  
29 fuels exempt from chapter 82.38 RCW.

30 (4) The rules adopted under sections 3 and 4 of this act may  
31 include exemptions in addition to those described in subsections (1)  
32 and (2) of this section, but only if such exemptions are necessary,  
33 with respect to the relationship between the program and similar  
34 greenhouse gas emissions requirements or low carbon fuel standards,  
35 in order to avoid:

36 (a) Mismatched incentives across programs;

37 (b) Fuel shifting between markets; or

38 (c) Other results that are counter to the intent of this act.

39 (5) Nothing in this chapter precludes the department from  
40 adopting rules under sections 3 and 4 of this act that allow the



1 generation of credits associated with electric or alternative  
2 transportation infrastructure that existed prior to the effective  
3 date of this section or to the start date of program requirements.

4 NEW SECTION. **Sec. 6.** (1) The rules adopted under sections 3 and  
5 4 of this act may allow the generation of credits from activities  
6 that support the reduction of greenhouse gas emissions associated  
7 with transportation in Washington, including but not limited to:

8 (a) Carbon capture and sequestration projects, including but not  
9 limited to:

10 (i) Innovative crude oil production projects that include carbon  
11 capture and sequestration;

12 (ii) Refinery investments in carbon capture and sequestration;

13 (iii) Investments in renewable natural gas or renewable hydrogen  
14 production projects; or

15 (iv) Direct air capture projects;

16 (b) The fueling of electric vehicles using electricity certified  
17 by the department to have a carbon intensity of zero. Such  
18 electricity must include, at minimum:

19 (i) Electricity for which a renewable energy credit or other  
20 environmental attribute has been retired or used only for purposes of  
21 the clean fuels program; and

22 (ii) Electricity produced using a zero emission resource,  
23 including but not limited to solar, wind, water, geothermal,  
24 renewable natural gas, or the industrial combustion of biomass  
25 consistent with RCW 70.235.020(3), that is directly supplied as a  
26 transportation fuel by the generator of the electricity;

27 (c) The provision of zero emission vehicle refueling  
28 infrastructure, including but not limited to fast charging battery  
29 electric vehicle infrastructure and renewable hydrogen electric  
30 vehicle refueling infrastructure; and

31 (d) The use of smart vehicle charging technology that results in  
32 the fueling of an electric vehicle during times when the carbon  
33 intensity of grid electricity is comparatively low.

34 (2) The rules adopted by the department may establish limits for  
35 the number of credits that may be earned each year by persons  
36 participating in the program for some or all of the activities  
37 specified in subsection (1) of this section.

1        NEW SECTION.    **Sec. 7.**    (1) Except where otherwise provided in  
2 sections 2 through 11 of this act, the department should seek to  
3 adopt rules that are harmonized with the regulatory standards,  
4 exemptions, reporting obligations, and other clean fuels program  
5 compliance requirements of other states that:

6        (a) Have adopted low carbon fuel standards or similar greenhouse  
7 gas emissions requirements applicable specifically to transportation  
8 fuels; and

9        (b)(i) Supply, or have the potential to supply, significant  
10 quantities of transportation fuel to Washington markets; or

11        (ii) To which Washington supplies, or has the potential to  
12 supply, significant quantities of transportation fuel.

13        (2) In adopting rules under sections 3 and 4 of this act, the  
14 department must consider whether actions taken or credits generated  
15 under the clean fuels program are eligible for purposes of compliance  
16 with the clean air rule, chapter 173-442 WAC as it existed as of  
17 October 16, 2016, and whether actions taken or emissions reduction  
18 units generated under the clean air rule may be used for purposes of  
19 compliance with this section.

20        NEW SECTION.    **Sec. 8.**    (1)(a) Each producer or importer of any  
21 amount of a transportation fuel that is ineligible to generate  
22 credits consistent with the requirements of section 4(3) of this act  
23 must register with the department.

24        (b) Producers, importers, distributors, users, and retailers of  
25 transportation fuels that are eligible to generate credits consistent  
26 with section 4(3) of this act must register with the department if  
27 they elect to participate in the clean fuels program.

28        (c) Other persons must register with the department to generate  
29 credits from other activities that support the reduction of  
30 greenhouse gas emissions associated with transportation in  
31 Washington.

32        (2) Each transaction transferring ownership of transportation  
33 fuels for which clean fuels program participation is mandated or has  
34 been chosen must be accompanied by documentation, in a format  
35 approved by the department, that assigns the clean fuels program  
36 compliance responsibility associated with the fuels, including the  
37 assignment of associated credits.

38        (3) The department may adopt rules requiring the periodic  
39 reporting of information to the department by persons associated with

1 the supply chains of transportation fuels participating in the clean  
2 fuels program. To the extent practicable, the rules must establish  
3 reporting procedures and timelines that are consistent with similar  
4 programs in other states that reduce the greenhouse gas emission  
5 intensity of transportation fuel and with procedures and timelines of  
6 state programs requiring similar information to be reported by  
7 regulated parties, including electric utilities.

8 (4) RCW 70.94.205 applies to records or information submitted to  
9 the department under sections 2 through 13 of this act.

10 NEW SECTION. **Sec. 9.** (1)(a) Fifty percent of the revenues  
11 generated by an electric utility from credits earned from the  
12 electricity supplied to retail customers by an electric utility under  
13 the clean fuels program must be expended by the electric utility on  
14 transportation electrification projects, which may include projects  
15 to support the production and provision of renewable hydrogen as a  
16 transportation fuel.

17 (b) Sixty percent of the revenues described in (a) of this  
18 subsection, or thirty percent of the revenues generated by an  
19 electric utility from credits earned from the electricity supplied to  
20 retail customers by an electric utility under the clean fuels  
21 program, must be expended by the electric utility on transportation  
22 electrification projects, which may include projects to support the  
23 production and provision of renewable hydrogen as a transportation  
24 fuel, located within or directly benefiting a federally designated  
25 nonattainment or maintenance area, a federally designated  
26 nonattainment or maintenance area that existed as of the effective  
27 date of this section, or an area designated by the department as  
28 being at risk of nonattainment, if such a nonattainment or  
29 maintenance area is within the service area of the utility.

30 (2) The department, in partnership with electric utilities, may  
31 develop guidelines for voluntary carbon reduction projects, including  
32 those that may be available to a utility within its service area for  
33 the expenditure of revenues from credits earned from the electricity  
34 supplied to retail customers by an electric utility under the clean  
35 fuels program that are applicable to the fifty percent of revenues  
36 not subject to the requirements of subsection (1) of this section.

37 (3) The utilities and transportation commission, for investor-  
38 owned utilities, or the governing board for consumer-owned utilities,  
39 may approve expenditures to meet up to the fifty percent of revenues

1 not subject to the requirements of subsection (1) of this section for  
2 the following:

3 (a) Carbon reduction projects under subsection (2) of this  
4 section within or without its service area;

5 (b) Investments pursuant to section 6 of this act;

6 (c) Further investments in projects pursuant to subsection (1)(a)  
7 of this section;

8 (d) To offset fuel cost increases, if any, to the utility  
9 attributable to this act, based on the fuel costs estimates produced  
10 in section 10(1)(c) of this act; or

11 (e) Up to ten percent of the revenues generated by an electric  
12 utility from credits earned from the electricity supplied to retail  
13 customers by an electric utility under the clean fuels program may be  
14 expended for low-income assistance.

15 (4) Electric utilities that elect to participate in the clean  
16 fuels program must annually provide information to the department  
17 accounting for and briefly describing all expenditures of revenues  
18 generated from credits earned under the clean fuels program.

19 NEW SECTION. **Sec. 10.** (1) Beginning May 1, 2023, and each May  
20 1st thereafter, the department must post a report on the department's  
21 web site that includes the following information regarding the  
22 previous calendar year of clean fuels program activities:

23 (a) The program-wide number of credits and deficits generated by  
24 entities participating in the clean fuels program;

25 (b) The volumes of each transportation fuel and average price per  
26 credit used to comply with the requirements of the clean fuels  
27 program;

28 (c) The best estimate or range in probable costs or cost savings  
29 attributable to the clean fuels program per gallon of gasoline and  
30 per gallon of diesel, as determined by an independent consultant  
31 whose services the department has contracted. The estimate or range  
32 in probable costs or cost savings from the independent consultant  
33 must be announced in a press release to the news media at the time  
34 that the report under this section is posted to the department's web  
35 site, and must be simultaneously reported to the transportation  
36 committees of the house of representatives and the senate;

37 (d) The total greenhouse gas emissions reductions attributable to  
38 the clean fuels program; and

1 (e) The range in the probable cost per ton of greenhouse gas  
2 emissions reductions attributable to fuels supported by the clean  
3 fuels program, taking into account the information in (c) and (d) of  
4 this subsection.

5 (2) By December 1, 2022, and each December 1st thereafter, the  
6 department must submit recommendations to the appropriate committees  
7 of the house of representatives and senate, in the form of draft  
8 legislation, for any changes to sections 2 through 13 of this act  
9 that are needed in order to more efficiently achieve the greenhouse  
10 gas emissions reduction goals of the clean fuels program.

11 (3) The department must identify the sources of information it  
12 relied upon in each report submitted under this section, including  
13 peer-reviewed science.

14 NEW SECTION. **Sec. 11.** (1) In consultation with the department  
15 and the department of agriculture, the department of commerce must  
16 develop a periodic fuel supply forecast to project the availability  
17 of fuels necessary for compliance with clean fuels program  
18 requirements.

19 (2) Based upon the estimates in subsection (3) of this section,  
20 the fuel supply forecast must include a prediction by the department  
21 of commerce regarding whether sufficient credits will be available to  
22 comply with clean fuels program requirements.

23 (3) The fuel supply forecast for each upcoming compliance period  
24 must include, but is not limited to, the following:

25 (a) An estimate of the volume of each transportation fuel  
26 available in Washington;

27 (b) An estimate of the total banked credits and deficits from  
28 previous compliance periods; and

29 (c) An estimate of the number of credits needed to meet the  
30 applicable clean fuels program requirements during the forecasted  
31 compliance period.

32 (4) The department of commerce must finalize a fuel supply  
33 forecast for an upcoming compliance period by no later than ninety  
34 days prior to the start of the compliance period.

35 (5) The department of commerce must identify the sources of  
36 information it relied upon in each fuel supply forecast submitted  
37 under this section, including peer-reviewed science.

1        NEW SECTION.     **Sec. 12.**     (1) The department may require that  
2 persons that are required or elect to register or report under  
3 sections 2 through 13 of this act pay a fee. If the department elects  
4 to require program participants to pay a fee, the department must,  
5 after an opportunity for public review and comment, adopt rules to  
6 establish a process to determine the payment schedule and the amount  
7 of the fee charged. The amount of the fee must be set so as to equal  
8 but not exceed the projected direct and indirect costs to the  
9 department for developing and implementing the program and the  
10 projected direct and indirect costs to the department of commerce to  
11 carry out its responsibilities under section 11 of this act. The  
12 department and the department of commerce must prepare a biennial  
13 workload analysis and provide an opportunity for public review of and  
14 comment on the workload analysis. The department shall enter into an  
15 interagency agreement with the department of commerce to implement  
16 this section.

17        (2) The clean fuels program account is created in the state  
18 treasury. All receipts from fees and penalties received under the  
19 program created in this section and sections 2 through 11 of this act  
20 must be deposited into the account. Moneys in the account may be  
21 spent only after appropriation. The department may only use  
22 expenditures from the account for carrying out the program created in  
23 this section and sections 2 through 11 of this act.

24        NEW SECTION.     **Sec. 13.**     (1) By December 1, 2027, the joint  
25 legislative audit and review committee must analyze the impacts of  
26 the initial five years of clean fuels program implementation and must  
27 submit a report summarizing the analysis to the legislature. The  
28 analysis must include, at minimum, the following components:

29        (a) Costs and benefits, including environmental and public health  
30 costs and benefits, associated with this act for categories of  
31 persons participating in the clean fuels program or that are most  
32 impacted by air pollution, as defined in consultation with the  
33 departments of ecology and health and as measured on a census tract  
34 scale. This component of the analysis must, at minimum, assess the  
35 costs and benefits of changes in the following metrics since the  
36 start of the program:

37        (i) Levels of greenhouse gas emissions and criteria air  
38 pollutants for which the United States environmental protection  
39 agency has established national ambient air quality standards;

1 (ii) Fuel prices; and  
2 (iii) Total employment in categories of industries generating  
3 credits or deficits. The categories of industries assessed must  
4 include but are not limited to electric utilities, oil refineries,  
5 and other industries involved in the production of high carbon fuels,  
6 industries involved in the delivery and sale of high carbon fuels,  
7 biofuel refineries, and industries involved in the delivery and sale  
8 of low carbon fuels;

9 (b) An evaluation of the information calculated and provided by  
10 the department under section 10(1) of this act; and

11 (c) A summary of the estimated total statewide costs and benefits  
12 attributable to the clean fuels program, including state agency  
13 administrative costs and regulated entity compliance costs. For  
14 purposes of calculating the benefits of the program, the summary may  
15 rely, in part, on a constant value of the social costs attributable  
16 to greenhouse gas emissions, as identified in contemporary  
17 internationally accepted estimates of such global social cost. This  
18 summary must include an estimate of the total statewide costs of the  
19 program per ton of greenhouse gas emissions reductions achieved by  
20 the clean fuels program.

21 (2) This section expires June 30, 2028.

22 **Sec. 14.** RCW 46.17.365 and 2015 3rd sp.s. c 44 s 202 are each  
23 amended to read as follows:

24 (1) A person applying for a motor vehicle registration and paying  
25 the vehicle license fee required in RCW 46.17.350(1) (a), (d), (e),  
26 (h), (j), (n), and (o) shall pay a motor vehicle weight fee in  
27 addition to all other fees and taxes required by law.

28 (a) For vehicle registrations that are due or become due before  
29 July 1, 2016, the motor vehicle weight fee:

30 (i) Must be based on the motor vehicle scale weight;

31 (ii) Is the difference determined by subtracting the vehicle  
32 license fee required in RCW 46.17.350 from the license fee in  
33 Schedule B of RCW 46.17.355, plus two dollars; and

34 (iii) Must be distributed under RCW 46.68.415.

35 (b) For vehicle registrations that are due or become due on or  
36 after July 1, 2016, the motor vehicle weight fee:

37 (i) Must be based on the motor vehicle scale weight as follows:

	WEIGHT	FEE
1		
2	4,000 pounds	\$ 25.00
3	6,000 pounds	\$ 45.00
4	8,000 pounds	\$ 65.00
5	16,000 pounds and over	\$ 72.00;

(ii) If the resultant motor vehicle scale weight is not listed in the table provided in (b) (i) of this subsection, must be increased to the next highest weight; and

(iii) Must be distributed under RCW 46.68.415 unless prior to July 1, 2023, the actions described in (b) (iii) (A) or (B) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the connecting Washington account created under RCW 46.68.395.

(A) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(B) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(C) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(2) A person applying for a motor home vehicle registration shall, in lieu of the motor vehicle weight fee required in subsection (1) of this section, pay a motor home vehicle weight fee of seventy-five dollars in addition to all other fees and taxes required by law. The motor home vehicle weight fee must be distributed under RCW 46.68.415.

(3) Beginning July 1, 2022, in addition to the motor vehicle weight fee as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by



1 the director must require an applicant to pay an additional weight  
2 fee of ten dollars, which must be distributed to the multimodal  
3 transportation account under RCW 47.66.070 unless prior to July 1,  
4 2023, the actions described in (a) or (b) of this subsection occur,  
5 in which case the portion of the revenue that is the result of the  
6 fee increased in this subsection must be distributed to the  
7 connecting Washington account created under RCW 46.68.395.

8 (a) Any state agency files a notice of rule making under chapter  
9 34.05 RCW, absent explicit legislative authorization enacted  
10 subsequent to July 1, 2015, for a rule regarding a fuel standard  
11 based upon or defined by the carbon intensity of fuel, including a  
12 low carbon fuel standard or clean fuel standard.

13 (b) Any state agency otherwise enacts, adopts, orders, or in any  
14 way implements a fuel standard based upon or defined by the carbon  
15 intensity of fuel, including a low carbon fuel standard or clean fuel  
16 standard, without explicit legislative authorization enacted  
17 subsequent to July 1, 2015.

18 (c) Nothing in this subsection acknowledges, establishes, or  
19 creates legal authority for the department of ecology or any other  
20 state agency to enact, adopt, order, or in any way implement a fuel  
21 standard based upon or defined by the carbon intensity of fuel,  
22 including a low carbon fuel standard or clean fuel standard.

23 (4) The department shall:

24 (a) Rely on motor vehicle empty scale weights provided by vehicle  
25 manufacturers, or other sources defined by the department, to  
26 determine the weight of each motor vehicle; and

27 (b) Adopt rules for determining weight for vehicles without  
28 manufacturer empty scale weights.

29 **Sec. 15.** RCW 46.25.100 and 2015 3rd sp.s. c 44 s 208 are each  
30 amended to read as follows:

31 (1) When a person has been disqualified from operating a  
32 commercial motor vehicle, the person is not entitled to have the  
33 commercial driver's license or commercial learner's permit restored  
34 until after the expiration of the appropriate disqualification period  
35 required under RCW 46.25.090 or until the department has received a  
36 drug and alcohol assessment and evidence is presented of satisfactory  
37 participation in or completion of any required drug or alcohol  
38 treatment program for ending the disqualification under RCW  
39 46.25.090(7). After expiration of the appropriate period and upon

1 payment of a requalification fee of twenty dollars until June 30,  
2 2016, and thirty-five dollars beginning July 1, 2016, or one hundred  
3 fifty dollars if the person has been disqualified under RCW  
4 46.25.090(7), the person may apply for a new, duplicate, or renewal  
5 commercial driver's license or commercial learner's permit as  
6 provided by law. If the person has been disqualified for a period of  
7 one year or more, the person shall demonstrate that he or she meets  
8 the commercial driver's license or commercial learner's permit  
9 qualification standards specified in RCW 46.25.060.

10 (2) The fees under this section must be deposited into the  
11 highway safety fund unless prior to July 1, 2023, the actions  
12 described in (a) or (b) of this subsection occur, in which case the  
13 portion of the revenue that is the result of the fee increased in  
14 section 208, chapter 44, Laws of 2015 3rd sp. sess. must be  
15 distributed to the connecting Washington account created under RCW  
16 46.68.395.

17 (a) Any state agency files a notice of rule making under chapter  
18 34.05 RCW, absent explicit legislative authorization enacted  
19 subsequent to July 1, 2015, for a rule regarding a fuel standard  
20 based upon or defined by the carbon intensity of fuel, including a  
21 low carbon fuel standard or clean fuel standard.

22 (b) Any state agency otherwise enacts, adopts, orders, or in any  
23 way implements a fuel standard based upon or defined by the carbon  
24 intensity of fuel, including a low carbon fuel standard or clean fuel  
25 standard, without explicit legislative authorization enacted  
26 subsequent to July 1, 2015.

27 (c) Nothing in this subsection acknowledges, establishes, or  
28 creates legal authority for the department of ecology or any other  
29 state agency to enact, adopt, order, or in any way implement a fuel  
30 standard based upon or defined by the carbon intensity of fuel,  
31 including a low carbon fuel standard or clean fuel standard.

32 **Sec. 16.** RCW 46.20.202 and 2017 c 310 s 3 are each amended to  
33 read as follows:

34 (1) The department may enter into a memorandum of understanding  
35 with any federal agency for the purposes of facilitating the crossing  
36 of the border between the state of Washington and the Canadian  
37 province of British Columbia.

1 (2) The department may enter into an agreement with the Canadian  
2 province of British Columbia for the purposes of implementing a  
3 border-crossing initiative.

4 (3) (a) The department may issue an enhanced driver's license or  
5 identicard for the purposes of crossing the border between the state  
6 of Washington and the Canadian province of British Columbia to an  
7 applicant who provides the department with proof of: United States  
8 citizenship, identity, and state residency. The department shall  
9 continue to offer a standard driver's license and identicard. If the  
10 department chooses to issue an enhanced driver's license, the  
11 department must allow each applicant to choose between a standard  
12 driver's license or identicard, or an enhanced driver's license or  
13 identicard.

14 (b) The department shall implement a one-to-many biometric  
15 matching system for the enhanced driver's license or identicard. An  
16 applicant for an enhanced driver's license or identicard shall submit  
17 a biometric identifier as designated by the department. The biometric  
18 identifier must be used solely for the purpose of verifying the  
19 identity of the holders and for any purpose set out in RCW 46.20.037.  
20 Applicants are required to sign a declaration acknowledging their  
21 understanding of the one-to-many biometric match.

22 (c) The enhanced driver's license or identicard must include  
23 reasonable security measures to protect the privacy of Washington  
24 state residents, including reasonable safeguards to protect against  
25 unauthorized disclosure of data about Washington state residents. If  
26 the enhanced driver's license or identicard includes a radio  
27 frequency identification chip, or similar technology, the department  
28 shall ensure that the technology is encrypted or otherwise secure  
29 from unauthorized data access.

30 (d) The requirements of this subsection are in addition to the  
31 requirements otherwise imposed on applicants for a driver's license  
32 or identicard. The department shall adopt such rules as necessary to  
33 meet the requirements of this subsection. From time to time the  
34 department shall review technological innovations related to the  
35 security of identity cards and amend the rules related to enhanced  
36 driver's licenses and identicards as the director deems consistent  
37 with this section and appropriate to protect the privacy of  
38 Washington state residents.

39 (e) Notwithstanding RCW 46.20.118, the department may make images  
40 associated with enhanced drivers' licenses or identicards from the

1 negative file available to United States customs and border agents  
2 for the purposes of verifying identity.

3 (4) Beginning on July 23, 2017, the fee for an enhanced driver's  
4 license or enhanced identicard is twenty-four dollars, which is in  
5 addition to the fees for any regular driver's license or identicard.  
6 If the enhanced driver's license or enhanced identicard is issued,  
7 renewed, or extended for a period other than six years, the fee for  
8 each class is four dollars for each year that the enhanced driver's  
9 license or enhanced identicard is issued, renewed, or extended.

10 (5) The enhanced driver's license and enhanced identicard fee  
11 under this section must be deposited into the highway safety fund  
12 unless prior to July 1, 2023, the actions described in (a) or (b) of  
13 this subsection occur, in which case the portion of the revenue that  
14 is the result of the fee increased in section 209, chapter 44, Laws  
15 of 2015 3rd sp. sess. must be distributed to the connecting  
16 Washington account created under RCW 46.68.395.

17 (a) Any state agency files a notice of rule making under chapter  
18 34.05 RCW, absent explicit legislative authorization enacted  
19 subsequent to July 1, 2015, for a rule regarding a fuel standard  
20 based upon or defined by the carbon intensity of fuel, including a  
21 low carbon fuel standard or clean fuel standard.

22 (b) Any state agency otherwise enacts, adopts, orders, or in any  
23 way implements a fuel standard based upon or defined by the carbon  
24 intensity of fuel, including a low carbon fuel standard or clean fuel  
25 standard, without explicit legislative authorization enacted  
26 subsequent to July 1, 2015.

27 (c) Nothing in this subsection acknowledges, establishes, or  
28 creates legal authority for the department of ecology or any other  
29 state agency to enact, adopt, order, or in any way implement a fuel  
30 standard based upon or defined by the carbon intensity of fuel,  
31 including a low carbon fuel standard or clean fuel standard.

32 **Sec. 17.** RCW 46.25.052 and 2015 3rd sp.s. c 44 s 206 are each  
33 amended to read as follows:

34 (1) The department may issue a CLP to an applicant who is at  
35 least eighteen years of age and holds a valid Washington state  
36 driver's license and who has:

37 (a) Submitted an application on a form or in a format provided by  
38 the department;

1 (b) Passed the general knowledge examination required for  
2 issuance of a CDL under RCW 46.25.060 for the commercial motor  
3 vehicle classification in which the applicant operates or expects to  
4 operate; and

5 (c) Paid the appropriate examination fee or fees and an  
6 application fee of ten dollars until June 30, 2016, and forty dollars  
7 beginning July 1, 2016.

8 (2) A CLP must be marked "commercial learner's permit" or "CLP,"  
9 and must be, to the maximum extent practicable, tamperproof. Other  
10 than a photograph of the applicant, it must include, but not be  
11 limited to, the information required on a CDL under RCW 46.25.080(1).

12 (3) The holder of a CLP may drive a commercial motor vehicle on a  
13 highway only when in possession of a valid driver's license and  
14 accompanied by the holder of a valid CDL who has the proper CDL  
15 classification and endorsement or endorsements necessary to operate  
16 the commercial motor vehicle. The CDL holder must at all times be  
17 physically present in the front seat of the vehicle next to the CLP  
18 holder or, in the case of a passenger vehicle, directly behind or in  
19 the first row behind the driver and must have the CLP holder under  
20 observation and direct supervision.

21 (4) A CLP may be classified in the same manner as a CDL under RCW  
22 46.25.080(2)(a).

23 (5) CLPs may be issued with only P, S, or N endorsements as  
24 described in RCW 46.25.080(2)(b).

25 (a) The holder of a CLP with a P endorsement must have taken and  
26 passed the P endorsement knowledge examination. The holder of a CLP  
27 with a P endorsement is prohibited from operating a commercial motor  
28 vehicle carrying passengers other than authorized employees or  
29 representatives of the department and the federal motor carrier  
30 safety administration, examiners, other trainees, and the CDL holder  
31 accompanying the CLP holder as required under subsection (2) of this  
32 section. The P endorsement must be class specific.

33 (b) The holder of a CLP with an S endorsement must have taken and  
34 passed the S endorsement knowledge examination. The holder of a CLP  
35 with an S endorsement is prohibited from operating a school bus with  
36 passengers other than authorized employees or representatives of the  
37 department and the federal motor carrier safety administration,  
38 examiners, other trainees, and the CDL holder accompanying the CLP  
39 holder as required under subsection (2) of this section.

1 (c) The holder of a CLP with an N endorsement must have taken and  
2 passed the N endorsement knowledge examination. The holder of a CLP  
3 with an N endorsement may only operate an empty tank vehicle and is  
4 prohibited from operating any tank vehicle that previously contained  
5 hazardous materials and has not been purged of any residue.

6 (6) A CLP may be issued with appropriate restrictions as  
7 described in RCW 46.25.080(2)(c). In addition, a CLP may be issued  
8 with the following restrictions:

9 (a) "P" restricts the driver from operating a bus with  
10 passengers;

11 (b) "X" restricts the driver from operating a tank vehicle that  
12 contains cargo; and

13 (c) Any restriction as established by rule of the department.

14 (7) The holder of a CLP is not authorized to operate a commercial  
15 motor vehicle transporting hazardous materials.

16 (8) A CLP may not be issued for a period to exceed one hundred  
17 eighty days. The department may renew the CLP for one additional one  
18 hundred eighty-day period without requiring the CLP holder to retake  
19 the general and endorsement knowledge examinations.

20 (9) The department must transmit the fees collected for CLPs to  
21 the state treasurer for deposit in the highway safety fund unless  
22 prior to July 1, 2023, the actions described in (a) or (b) of this  
23 subsection occur, in which case the portion of the revenue that is  
24 the result of the fee increased in section 206, chapter 44, Laws of  
25 2015 3rd sp. sess. must be distributed to the connecting Washington  
26 account created under RCW 46.68.395.

27 (a) Any state agency files a notice of rule making under chapter  
28 34.05 RCW, absent explicit legislative authorization enacted  
29 subsequent to July 1, 2015, for a rule regarding a fuel standard  
30 based upon or defined by the carbon intensity of fuel, including a  
31 low carbon fuel standard or clean fuel standard.

32 (b) Any state agency otherwise enacts, adopts, orders, or in any  
33 way implements a fuel standard based upon or defined by the carbon  
34 intensity of fuel, including a low carbon fuel standard or clean fuel  
35 standard, without explicit legislative authorization enacted  
36 subsequent to July 1, 2015.

37 (c) Nothing in this subsection acknowledges, establishes, or  
38 creates legal authority for the department of ecology or any other  
39 state agency to enact, adopt, order, or in any way implement a fuel

1 standard based upon or defined by the carbon intensity of fuel,  
2 including a low carbon fuel standard or clean fuel standard.

3 **Sec. 18.** RCW 46.25.060 and 2015 3rd sp.s. c 44 s 207 are each  
4 amended to read as follows:

5 (1)(a) No person may be issued a commercial driver's license  
6 unless that person:

7 (i) Is a resident of this state;

8 (ii) Has successfully completed a course of instruction in the  
9 operation of a commercial motor vehicle that has been approved by the  
10 director or has been certified by an employer as having the skills  
11 and training necessary to operate a commercial motor vehicle safely;

12 (iii) If he or she does not hold a valid commercial driver's  
13 license of the appropriate classification, has been issued a  
14 commercial learner's permit under RCW 46.25.052; and

15 (iv) Has passed a knowledge and skills examination for driving a  
16 commercial motor vehicle that complies with minimum federal standards  
17 established by federal regulation enumerated in 49 C.F.R. Part 383,  
18 subparts F, G, and H, in addition to other requirements imposed by  
19 state law or federal regulation. The department may not allow the  
20 person to take the skills examination during the first fourteen days  
21 after initial issuance of the person's commercial learner's permit.  
22 The examinations must be prescribed and conducted by the department.

23 (b) In addition to the fee charged for issuance or renewal of any  
24 license, the applicant shall pay a fee of no more than ten dollars  
25 until June 30, 2016, and thirty-five dollars beginning July 1, 2016,  
26 for the classified knowledge examination, classified endorsement  
27 knowledge examination, or any combination of classified license and  
28 endorsement knowledge examinations. The applicant shall pay a fee of  
29 no more than one hundred dollars until June 30, 2016, and two hundred  
30 fifty dollars beginning July 1, 2016, for each classified skill  
31 examination or combination of classified skill examinations conducted  
32 by the department.

33 (c) The department may authorize a person, including an agency of  
34 this or another state, an employer, a private driver training  
35 facility, or other private institution, or a department, agency, or  
36 instrumentality of local government, to administer the skills  
37 examination specified by this section under the following conditions:

38 (i) The examination is the same which would otherwise be  
39 administered by the state;

1 (ii) The third party has entered into an agreement with the state  
2 that complies with the requirements of 49 C.F.R. Sec. 383.75; and

3 (iii) The director has adopted rules as to the third party  
4 testing program and the development and justification for fees  
5 charged by any third party.

6 (d) If the applicant's primary use of a commercial driver's  
7 license is for any of the following, then the applicant shall pay a  
8 fee of no more than seventy-five dollars until June 30, 2016, and two  
9 hundred twenty-five dollars beginning July 1, 2016, for the  
10 classified skill examination or combination of classified skill  
11 examinations whether conducted by the department or a third-party  
12 tester:

13 (i) Public benefit not-for-profit corporations that are federally  
14 supported head start programs; or

15 (ii) Public benefit not-for-profit corporations that support  
16 early childhood education and assistance programs as described in RCW  
17 (~~43.215.405(2)~~) 43.216.505(2).

18 (e) Beginning July 1, 2016, if the applicant's primary use of a  
19 commercial driver's license is to drive a school bus, the applicant  
20 shall pay a fee of no more than one hundred dollars for the  
21 classified skill examination or combination of classified skill  
22 examinations conducted by the department.

23 (f) Beginning July 1, 2016, payment of the examination fees under  
24 this subsection entitles the applicant to take the examination up to  
25 two times in order to pass.

26 (2)(a) The department may waive the skills examination and the  
27 requirement for completion of a course of instruction in the  
28 operation of a commercial motor vehicle specified in this section for  
29 a commercial driver's license applicant who meets the requirements of  
30 49 C.F.R. Sec. 383.77.

31 (b) An applicant who operates a commercial motor vehicle for  
32 agribusiness purposes is exempt from the course of instruction  
33 completion and employer skills and training certification  
34 requirements under this section. By January 1, 2010, the department  
35 shall submit recommendations regarding the continuance of this  
36 exemption to the transportation committees of the legislature. For  
37 purposes of this subsection (2)(b), "agribusiness" means a private  
38 carrier who in the normal course of business primarily transports:

39 (i) Farm machinery, farm equipment, implements of husbandry, farm  
40 supplies, and materials used in farming;



1 (ii) Agricultural inputs, such as seed, feed, fertilizer, and  
2 crop protection products;

3 (iii) Unprocessed agricultural commodities, as defined in RCW  
4 17.21.020, where such commodities are produced by farmers, ranchers,  
5 vineyardists, or orchardists; or

6 (iv) Any combination of (b)(i) through (iii) of this subsection.

7 The department shall notify the transportation committees of the  
8 legislature if the federal government takes action affecting the  
9 exemption provided in this subsection (2)(b).

10 (3) A commercial driver's license or commercial learner's permit  
11 may not be issued to a person while the person is subject to a  
12 disqualification from driving a commercial motor vehicle, or while  
13 the person's driver's license is suspended, revoked, or canceled in  
14 any state, nor may a commercial driver's license be issued to a  
15 person who has a commercial driver's license issued by any other  
16 state unless the person first surrenders all such licenses, which  
17 must be returned to the issuing state for cancellation.

18 (4) The fees under this section must be deposited into the  
19 highway safety fund unless prior to July 1, 2023, the actions  
20 described in (a) or (b) of this subsection occur, in which case the  
21 portion of the revenue that is the result of the fee increased in  
22 section 207, chapter 44, Laws of 2015 3rd sp. sess. must be  
23 distributed to the connecting Washington account created under RCW  
24 46.68.395.

25 (a) Any state agency files a notice of rule making under chapter  
26 34.05 RCW, absent explicit legislative authorization enacted  
27 subsequent to July 1, 2015, for a rule regarding a fuel standard  
28 based upon or defined by the carbon intensity of fuel, including a  
29 low carbon fuel standard or clean fuel standard.

30 (b) Any state agency otherwise enacts, adopts, orders, or in any  
31 way implements a fuel standard based upon or defined by the carbon  
32 intensity of fuel, including a low carbon fuel standard or clean fuel  
33 standard, without explicit legislative authorization enacted  
34 subsequent to July 1, 2015.

35 (c) Nothing in this subsection acknowledges, establishes, or  
36 creates legal authority for the department of ecology or any other  
37 state agency to enact, adopt, order, or in any way implement a fuel  
38 standard based upon or defined by the carbon intensity of fuel,  
39 including a low carbon fuel standard or clean fuel standard.

1       **Sec. 19.** RCW 70.94.431 and 2013 c 51 s 6 are each amended to  
2 read as follows:

3       (1) (a) Except as provided in RCW 43.05.060 through 43.05.080 and  
4 43.05.150, and in addition to or as an alternate to any other penalty  
5 provided by law, any person who violates any of the provisions of  
6 this chapter, chapter 70.120 RCW, chapter 70.310 RCW, or any of the  
7 rules in force under such chapters may incur a civil penalty in an  
8 amount not to exceed ten thousand dollars per day for each violation.  
9 Each such violation shall be a separate and distinct offense, and in  
10 case of a continuing violation, each day's continuance shall be a  
11 separate and distinct violation.

12       (b) Any person who fails to take action as specified by an order  
13 issued pursuant to this chapter shall be liable for a civil penalty  
14 of not more than ten thousand dollars for each day of continued  
15 noncompliance.

16       (2) (a) Penalties incurred but not paid shall accrue interest,  
17 beginning on the ninety-first day following the date that the penalty  
18 becomes due and payable, at the highest rate allowed by RCW 19.52.020  
19 on the date that the penalty becomes due and payable. If violations  
20 or penalties are appealed, interest shall not begin to accrue until  
21 the thirty-first day following final resolution of the appeal.

22       (b) The maximum penalty amounts established in this section may  
23 be increased annually to account for inflation as determined by the  
24 state office of the economic and revenue forecast council.

25       (3) Each act of commission or omission which procures, aids or  
26 abets in the violation shall be considered a violation under the  
27 provisions of this section and subject to the same penalty. The  
28 penalties provided in this section shall be imposed pursuant to RCW  
29 43.21B.300.

30       (4) Except as provided in section 12 of this act, all penalties  
31 recovered under this section by the department shall be paid into the  
32 state treasury and credited to the air pollution control account  
33 established in RCW 70.94.015 or, if recovered by the authority, shall  
34 be paid into the treasury of the authority and credited to its funds.  
35 If a prior penalty for the same violation has been paid to a local  
36 authority, the penalty imposed by the department under subsection (1)  
37 of this section shall be reduced by the amount of the payment.

38       (5) To secure the penalty incurred under this section, the state  
39 or the authority shall have a lien on any vessel used or operated in

1 violation of this chapter which shall be enforced as provided in RCW  
2 60.36.050.

3 (6) Public or private entities that are recipients or potential  
4 recipients of department grants, whether for air quality related  
5 activities or not, may have such grants rescinded or withheld by the  
6 department for failure to comply with provisions of this chapter.

7 (7) In addition to other penalties provided by this chapter,  
8 persons knowingly under-reporting emissions or other information used  
9 to set fees, or persons required to pay emission or permit fees who  
10 are more than ninety days late with such payments may be subject to a  
11 penalty equal to three times the amount of the original fee owed.

12 (8) By January 1, 1992, the department shall develop rules for  
13 excusing excess emissions from enforcement action if such excess  
14 emissions are unavoidable. The rules shall specify the criteria and  
15 procedures for the department and local air authorities to determine  
16 whether a period of excess emissions is excusable in accordance with  
17 the state implementation plan.

18 NEW SECTION. **Sec. 20.** Sections 2 through 13 of this act are  
19 each added to chapter 70.94 RCW and codified with the subchapter  
20 heading of "clean fuels."

21 NEW SECTION. **Sec. 21.** If any provision of this act or its  
22 application to any person or circumstance is held invalid, the  
23 remainder of the act or the application of the provision to other  
24 persons or circumstances is not affected.

25 NEW SECTION. **Sec. 22.** If specific funding for the purposes of  
26 this act, referencing this act by bill or chapter number, is not  
27 provided by June 30, 2019, in the omnibus appropriations act, this  
28 act is null and void."

**E2SHB 1110** - S COMM AMD

By Committee on Environment, Energy & Technology

29 On page 1, line 2 of the title, after "fuels;" strike the  
30 remainder of the title and insert "amending RCW 46.17.365, 46.25.100,  
31 46.20.202, 46.25.052, 46.25.060, and 70.94.431; adding new sections

1 to chapter 70.94 RCW; creating new sections; prescribing penalties;  
2 and providing an expiration date."

EFFECT: Includes investments in renewable natural gas or renewable hydrogen production projects in the list of activities that support the reduction of GHG emissions associated with transportation in Washington that may be allowed for the generation of credits.

Directs the Department of Ecology, in partnership with electric utilities, to develop guidelines for voluntary carbon reduction projects, including those that may be available to a utility within its service area.

Allows the UTC for investor-owned utilities or a governing board for consumer-owned utilities to approve expenditures to meet up to the remaining 50 percent of revenues generated from credits for the following: Carbon reduction projects; investments in activities to reduce GHG emissions associated with transportation pursuant to Ecology's rules; to offset fuel cost increases; or for low-income assistance only up to 10 percent of the revenues generated by credits.

Adds the definition of renewable natural gas.

Makes technical corrections.

--- END ---