

1 AN ACT Relating to transportation funding; amending RCW  
2 46.17.365, 46.25.100, 46.20.202, 46.25.052, 46.25.060, 70.94.431,  
3 82.38.030, and 46.68.090; adding new sections to chapter 70.94 RCW;  
4 creating new sections; providing an effective date; providing an  
5 expiration date; and declaring an emergency.

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

7 **Part I**  
8 **Clean Fuels Policy**

9 NEW SECTION. **Sec. 101.** (1) The legislature finds that rapid  
10 innovations in low-carbon transportation technologies, including  
11 electric vehicles and clean transportation fuels, are at the  
12 threshold of widespread commercial deployment. In order to help  
13 prompt the use of clean fuels, other states have successfully  
14 implemented programs that reduce the carbon intensity of their  
15 transportation fuels. Without disruptions to fuel markets or  
16 significant impacts to the costs of transportation fuels, California  
17 and Oregon have both implemented low carbon fuel standards that are  
18 similar to the program created in this act. Washington state has  
19 extensively studied the potential impact of a clean fuels program,  
20 and most projections show that a low carbon fuel standard would

1 decrease greenhouse gas and conventional air pollutant emissions,  
2 while positively impacting the state's economy.

3 (2) The legislature further finds that the health and welfare of  
4 the people of the state of Washington is threatened by the prospect  
5 of crumbling or swamped coastlines, rising water, and more intense  
6 forest fires caused by higher temperatures and related droughts, all  
7 of which are intensified and made more frequent by the volume of  
8 greenhouse gas emissions. As of 2015, the transportation sector  
9 contributes forty-three percent of Washington's greenhouse gas  
10 emissions, and the legislature's interest in the life cycle of the  
11 fuels used in the state arises from a concern for the effects of the  
12 production and use of these fuels on Washington's environment and  
13 public health, including its air quality, snowpack, and coastline.

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

17 (a) The state oil spill response tax;

18 (b) The state oil spill administration tax;

19 (c) The state hazardous substance tax used to fund the state  
20 toxics control account, the local toxics control account, and the  
21 environmental legacy and stewardship account;

22 (d) The combined state and federal motor vehicle 67.8 cent taxes  
23 to fund transportation projects;

24 (e) The federal leaking underground storage tank tax and the  
25 state petroleum products tax for underground storage tanks;

26 (f) Applicable state and local sales taxes; and

27 (g) The federal renewable fuel standard.

28 (4) Therefore, it is the intent of the legislature to support the  
29 deployment of clean transportation fuel technologies through a  
30 carefully designed program that reduces the carbon intensity of fuel  
31 used in Washington, in order to:

32 (a) Reduce levels of conventional air pollutants from diesel and  
33 gasoline that are harmful to public health;

34 (b) Reduce greenhouse gas emissions associated with  
35 transportation fuels, which are the state's largest source of  
36 greenhouse gas emissions; and

37 (c) Create jobs and spur economic development based on innovative  
38 clean fuel technologies.

1        NEW SECTION.    **Sec. 102.**    The definitions in this section apply  
2 throughout this section and sections 103 through 113 of this act  
3 unless the context clearly indicates otherwise.

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

6        (2) "Clean fuels program" means the requirements established by  
7 this act.

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

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

13       (5) "Deficit" means a unit of measure generated when a  
14 transportation fuel with a carbon intensity that is greater than the  
15 applicable standard adopted by the department under section 103 of  
16 this act is produced, imported, or dispensed for use in Washington,  
17 such that one deficit is equal to one metric ton of carbon dioxide  
18 equivalents.

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

21       (7) "Greenhouse gas" has the same meaning as defined in RCW  
22 70.235.010.

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

28       (9) "Motor vehicle" has the same meaning as defined in RCW  
29 46.04.320.

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

33       (11) "Renewable hydrogen" means hydrogen produced using renewable  
34 resources both as the source for the hydrogen and the source for the  
35 energy input into the production process.

36       (12) "Renewable natural gas" means a gas consisting largely of  
37 methane and other hydrocarbons derived from the decomposition of  
38 organic material in landfills, wastewater treatment facilities, and  
39 anaerobic digesters.

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

7 (14)(a) "Tactical support equipment" means equipment using a  
8 portable engine, including turbines, that meets military  
9 specifications, owned by the United States military services or its  
10 allies, and that is used in combat, combat support, combat service  
11 support, tactical or relief operations, or training for such  
12 operations.

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

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

20 NEW SECTION. **Sec. 103.** (1)(a) The department, in consultation  
21 with the department of licensing, must adopt rules that establish  
22 standards that reduce the greenhouse gas emissions per unit of fuel  
23 energy (carbon intensity) in transportation fuels used in Washington.  
24 The standards established by the rules must be based on the carbon  
25 intensity of gasoline and gasoline substitutes and the carbon  
26 intensity of diesel and diesel substitutes. The rules adopted under  
27 this section must reduce the greenhouse gas emissions attributable to  
28 each unit of the fuels to thirteen percent below 2017 levels by 2035.  
29 The rules must establish a start date for the clean fuels program of  
30 no later than July 1, 2023. To the extent the requirements of this  
31 act conflict with the requirements of chapter 19.112 RCW, the  
32 requirements of this act prevail.

33 (b) The direction to the department to adopt rules under this  
34 section is not an acknowledgment, denial, or limitation of any  
35 authority of the department that existed prior to the effective date  
36 of this section to adopt rules related to the greenhouse gas  
37 emissions intensity of fuel under other provisions of this chapter  
38 including, but not limited to, RCW 70.94.151 and 70.94.331.

1 (c)(i) Transportation fuels exported from Washington are not  
2 subject to the greenhouse gas emissions reduction requirements in  
3 this section.

4 (ii) Electricity is not subject to the greenhouse gas emissions  
5 reduction requirements in this section.

6 (2)(a) As part of the compliance with the clean fuels program  
7 provided in subsection (1) of this section, those required to  
8 register under section 108(1)(a) of this act are required to meet a  
9 portion of the compliance obligation by paying a transportation  
10 compliance fee. The department must adopt rules specifying that the  
11 payment of this transportation compliance fee is the first  
12 requirement to meet the obligation for any deficits generated under  
13 the clean fuels program. Any remaining deficits generated each year  
14 must be met by purchasing tradable credits or other compliance  
15 methods as provided in this act.

16 (b) Consistent with section 104(3) of this act, each year, the  
17 transportation compliance fee rate must be determined by the  
18 department based on a minimum of ninety percent of the estimated cost  
19 for compliance with the clean fuels program for those required to  
20 register under section 108(1)(a) of this act. By January 1st of each  
21 year, the department must publish the transportation compliance fee  
22 for the subsequent fiscal year.

23 (c) Revenue generated from the transportation compliance fee must  
24 be deposited in the motor vehicle fund created in RCW 46.68.070 until  
25 July 1, 2032, when the fee must be deposited into the multimodal  
26 transportation account created in RCW 47.66.070.

27 NEW SECTION. **Sec. 104.** The rules adopted by the department to  
28 achieve the greenhouse gas emissions reductions per unit of fuel  
29 energy specified in section 103 of this act must include, but are not  
30 limited to, the following:

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

36 (a) The rules adopted by the department under this subsection (1)  
37 may:

38 (i) Include provisions to address the efficiency of a fuel as  
39 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  
15 103 of this act to be achieved by any combination of credit  
16 generating activities capable of meeting such standards, consistent  
17 with the 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 including a requirement that the  
26 payment of transportation compliance fees meet at least thirty  
27 percent of the obligation for any deficits generated under the clean  
28 fuels program in each year. The department may assign the generation  
29 of a credit when a fuel with associated life-cycle greenhouse gas  
30 emissions that are lower than the applicable per-unit standard  
31 adopted by the department under section 103 of this act is produced,  
32 imported, or dispensed for use in Washington, or when specified  
33 activities are undertaken that support the reduction of greenhouse  
34 gas emissions associated with transportation in Washington.  
35 Transportation fuels with associated greenhouse gas emissions  
36 exceeding eighty percent of the 2017 levels established in section  
37 103 of this act are not eligible to generate credits under the clean  
38 fuels program. Transportation fuels that are refined or otherwise  
39 wholly or partly derived from palm oil are not eligible to generate  
40 credits under the clean fuels program;

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

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

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

10 (5) Mechanisms for persons associated with the supply chains of  
11 transportation fuels that are used for purposes that are exempt from  
12 the clean fuels program compliance obligations, including but not  
13 limited to electricity and fuels used by aircraft, vessels, railroad  
14 locomotives, and other exempt fuels specified in section 105 of this  
15 act, to elect to participate in the clean fuels program by earning  
16 credits for the production, import, distribution, use, or retail of  
17 exempt fuels with associated life-cycle greenhouse gas emissions  
18 lower than the per-unit standard established in section 103 of this  
19 act;

20 (6) Cost containment mechanisms.

21 (a) Cost containment mechanisms may include, but are not limited  
22 to:

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

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

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

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



1        NEW SECTION.    **Sec. 105.**    (1) The rules adopted by the department  
2 under sections 103 and 104 of this act must include exemptions for,  
3 at minimum, the following transportation fuels:

4        (a) Fuels used in volumes below thresholds adopted by the  
5 department;

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

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

10       (2) (a) The rules adopted by the department under sections 103 and  
11 104 of this act must exempt the following transportation fuels from  
12 greenhouse gas emission intensity reduction requirements until  
13 January 1, 2028:

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

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

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

23       (b) Prior to January 1, 2028, fuels identified in this subsection  
24 (2) are eligible to generate credits, consistent with section 104(5)  
25 of this act. Beginning January 1, 2028, the fuels identified in this  
26 subsection (2) are subject to the greenhouse gas emission intensity  
27 reduction requirements applicable to transportation fuels specified  
28 in section 103 of this act.

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

34       (4) The rules adopted by the department under sections 103 and  
35 104 of this act may include exemptions in addition to those described  
36 in subsections (1) and (2) of this section, but only if such  
37 exemptions are necessary, with respect to the relationship between  
38 the program and similar greenhouse gas emissions requirements or low  
39 carbon fuel standards, in order to avoid:

40       (a) Mismatched incentives across programs;

1 (b) Fuel shifting between markets; or

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

3 (5) Nothing in this chapter precludes the department from  
4 adopting rules under sections 103 and 104 of this act that allow the  
5 generation of credits associated with electric or alternative  
6 transportation infrastructure that existed prior to the effective  
7 date of this section or to the start date of program requirements.

8 NEW SECTION. **Sec. 106.** (1) In addition to the rules adopted by  
9 the department under sections 103 and 104 of this act, the department  
10 may allow the generation of credits from other activities that  
11 support the reduction of greenhouse gas emissions associated with  
12 transportation in Washington, including but not limited to:

13 (a) Carbon capture and sequestration projects, including but not  
14 limited to:

15 (i) Innovative crude oil production projects that include carbon  
16 capture and sequestration;

17 (ii) Refinery investments in carbon capture and sequestration; or

18 (iii) Direct air capture projects;

19 (b) Investments in renewable natural gas or renewable hydrogen  
20 production projects;

21 (c) The fueling of electric vehicles using electricity certified  
22 by the department to have a carbon intensity of zero. Such  
23 electricity must allow, at minimum, credits to be generated for:

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

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

32 (d) The provision of zero emission vehicle refueling  
33 infrastructure, including but not limited to fast charging battery  
34 electric vehicle infrastructure and renewable hydrogen electric  
35 vehicle refueling infrastructure; and

36 (e) The use of smart vehicle charging technology that results in  
37 the fueling of an electric vehicle during times when the carbon  
38 intensity of grid electricity is comparatively low.

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

5 NEW SECTION. **Sec. 107.** (1) Except where otherwise provided in  
6 sections 102 through 111 of this act, the department should seek to  
7 adopt rules that are harmonized with the regulatory standards,  
8 exemptions, reporting obligations, and other clean fuels program  
9 compliance requirements of other states that:

10 (a) Have adopted low carbon fuel standards or similar greenhouse  
11 gas emissions requirements applicable specifically to transportation  
12 fuels; and

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

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

17 (2) In adopting rules under sections 103 and 104 of this act, the  
18 department must consider whether actions taken or credits generated  
19 under the clean fuels program are eligible for purposes of compliance  
20 with the clean air rule, chapter 173-442 WAC as it existed as of  
21 October 16, 2016, and whether actions taken or emissions reduction  
22 units generated under the clean air rule may be used for purposes of  
23 compliance with this section.

24 NEW SECTION. **Sec. 108.** (1)(a) Each producer or importer of any  
25 amount of a transportation fuel that is ineligible to generate  
26 credits consistent with the requirements of section 104(3) of this  
27 act must register with the department.

28 (b) Producers, importers, distributors, users, and retailers of  
29 transportation fuels that are eligible to generate credits consistent  
30 with section 104(3) of this act must register with the department if  
31 they elect to participate in the clean fuels program.

32 (c) Other persons must register with the department to generate  
33 credits from other activities that support the reduction of  
34 greenhouse gas emissions associated with transportation in  
35 Washington.

36 (2) Each transaction transferring ownership of transportation  
37 fuels for which clean fuels program participation is mandated or has  
38 been chosen must be accompanied by documentation, in a format

1 approved by the department, that assigns the clean fuels program  
2 compliance responsibility associated with the fuels, including the  
3 assignment of associated credits.

4 (3) The department may adopt rules requiring the periodic  
5 reporting of information to the department by persons associated with  
6 the supply chains of transportation fuels participating in the clean  
7 fuels program. To the extent practicable, the rules must establish  
8 reporting procedures and timelines that are consistent with similar  
9 programs in other states that reduce the greenhouse gas emission  
10 intensity of transportation fuel and with procedures and timelines of  
11 state programs requiring similar information to be reported by  
12 regulated parties, including electric utilities.

13 (4) RCW 70.94.205 applies to records or information submitted to  
14 the department under sections 102 through 113 of this act.

15 NEW SECTION. **Sec. 109.** (1) The utilities and transportation  
16 commission, for investor-owned electric utilities, or the governing  
17 board of a consumer-owned utility, must review and approve all  
18 expenditures under this section using standard practices and  
19 procedures.

20 (2)(a) Fifty percent of the revenues generated by an electric  
21 utility from credits earned from the electricity supplied to retail  
22 customers by an electric utility under the clean fuels program must  
23 be expended by the electric utility on transportation electrification  
24 projects, which may include projects to support the production and  
25 provision of renewable hydrogen as a transportation fuel.

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

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

8 (4) Expenditures to meet up to the fifty percent of revenues not  
9 subject to the requirements of subsection (2) of this section must be  
10 spent for the following:

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

13 (b) Investments pursuant to section 106 of this act;

14 (c) Further investments in projects pursuant to subsection (2)(a)  
15 of this section;

16 (d) To offset fuel cost increases, if any, to the utility  
17 attributable to this act, based on the fuel costs estimates produced  
18 in section 110(1)(c) of this act; or

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

23 (5) Electric utilities that elect to participate in the clean  
24 fuels program must annually provide information to the department  
25 accounting for and briefly describing all expenditures of revenues  
26 generated from credits earned under the clean fuels program.

27 NEW SECTION. **Sec. 110.** (1) Beginning May 1, 2023, and each May  
28 1st thereafter, the department must post a report on the department's  
29 web site that includes the following information regarding the  
30 previous calendar year of clean fuels program activities:

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

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

36 (c) The best estimate or range in probable costs or cost savings  
37 attributable to the clean fuels program per gallon of gasoline and  
38 per gallon of diesel, as determined by an independent consultant  
39 whose services the department has contracted. The estimate or range

1 in probable costs or cost savings from the independent consultant  
2 must be announced in a press release to the news media at the time  
3 that the report under this section is posted to the department's web  
4 site, and must be simultaneously reported to the transportation  
5 committees of the house of representatives and the senate;

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

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

12 (2) By December 1, 2022, and each December 1st thereafter, the  
13 department must submit recommendations to the appropriate committees  
14 of the house of representatives and senate, in the form of draft  
15 legislation, for any changes to sections 102 through 113 of this act  
16 that are needed in order to more efficiently achieve the greenhouse  
17 gas emissions reduction goals of the clean fuels program.

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

21 NEW SECTION. **Sec. 111.** (1) In consultation with the department  
22 and the department of agriculture, the department of commerce must  
23 develop a periodic fuel supply forecast to project the availability  
24 of fuels necessary for compliance with clean fuels program  
25 requirements.

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

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

32 (a) An estimate of the volume of each transportation fuel  
33 available in Washington;

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

36 (c) An estimate of the number of credits needed to meet the  
37 applicable clean fuels program requirements during the forecasted  
38 compliance period.

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

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

7 NEW SECTION. **Sec. 112.** (1) The department may require that  
8 persons that are required or elect to register or report under  
9 sections 102 through 113 of this act pay a fee. If the department  
10 elects to require program participants to pay a fee, the department  
11 must, after an opportunity for public review and comment, adopt rules  
12 to establish a process to determine the payment schedule and the  
13 amount of the fee charged. The amount of the fee must be set so as to  
14 equal but not exceed the projected direct and indirect costs to the  
15 department for developing and implementing the program and the  
16 projected direct and indirect costs to the department of commerce to  
17 carry out its responsibilities under section 111 of this act. The  
18 department and the department of commerce must prepare a biennial  
19 workload analysis and provide an opportunity for public review of and  
20 comment on the workload analysis. The department must enter into an  
21 interagency agreement with the department of commerce to implement  
22 this section.

23 (2) The clean fuels program account is created in the state  
24 treasury. All receipts from fees and penalties received under the  
25 program created in this section and sections 102 through 111 of this  
26 act must be deposited into the account. Moneys in the account may be  
27 spent only after appropriation. The department may only use  
28 expenditures from the account for carrying out the program created in  
29 this section and sections 102 through 111 of this act.

30 NEW SECTION. **Sec. 113.** (1) By December 1, 2027, the joint  
31 legislative audit and review committee must analyze the impacts of  
32 the initial five years of clean fuels program implementation and must  
33 submit a report summarizing the analysis to the legislature. The  
34 analysis must include, at minimum, the following components:

35 (a) Costs and benefits, including environmental and public health  
36 costs and benefits, associated with this act for categories of  
37 persons participating in the clean fuels program or that are most  
38 impacted by air pollution, as defined in consultation with the

1 departments of ecology and health and as measured on a census tract  
2 scale. This component of the analysis must, at minimum, assess the  
3 costs and benefits of changes in the following metrics since the  
4 start of the program:

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

8 (ii) Fuel prices; and

9 (iii) Total employment in categories of industries generating  
10 credits or deficits. The categories of industries assessed must  
11 include but are not limited to electric utilities, oil refineries,  
12 and other industries involved in the production of high carbon fuels,  
13 industries involved in the delivery and sale of high carbon fuels,  
14 biofuel refineries, and industries involved in the delivery and sale  
15 of low carbon fuels;

16 (b) An evaluation of the information calculated and provided by  
17 the department under section 110(1) of this act; and

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

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

29 **Sec. 114.** RCW 46.17.365 and 2015 3rd sp.s. c 44 s 202 are each  
30 amended to read as follows:

31 (1) A person applying for a motor vehicle registration and paying  
32 the vehicle license fee required in RCW 46.17.350(1) (a), (d), (e),  
33 (h), (j), (n), and (o) (~~shall~~) must pay a motor vehicle weight fee  
34 in addition to all other fees and taxes required by law.

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

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



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

4 (iii) Must be distributed under RCW 46.68.415.

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

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

8	WEIGHT	FEE
9	4,000 pounds	\$ 25.00
10	6,000 pounds	\$ 45.00
11	8,000 pounds	\$ 65.00
12	16,000 pounds and over	\$ 72.00;

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

16 (iii) Must be distributed under RCW 46.68.415 unless prior to  
17 July 1, 2023, the actions described in (b) (iii) (A) or (B) of this  
18 subsection occur, in which case the portion of the revenue that is  
19 the result of the fee increased in this subsection must be  
20 distributed to the connecting Washington account created under RCW  
21 46.68.395.

22 (A) Any state agency files a notice of rule making under chapter  
23 34.05 RCW, absent explicit legislative authorization enacted  
24 subsequent to July 1, 2015, for a rule regarding a fuel standard  
25 based upon or defined by the carbon intensity of fuel, including a  
26 low carbon fuel standard or clean fuel standard.

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

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

37 (2) A person applying for a motor home vehicle registration  
38 (~~shall~~) must, in lieu of the motor vehicle weight fee required in

1 subsection (1) of this section, pay a motor home vehicle weight fee  
2 of seventy-five dollars in addition to all other fees and taxes  
3 required by law. The motor home vehicle weight fee must be  
4 distributed under RCW 46.68.415.

5 (3) Beginning July 1, 2022, in addition to the motor vehicle  
6 weight fee as provided in subsection (1) of this section, the  
7 department, county auditor or other agent, or subagent appointed by  
8 the director must require an applicant to pay an additional weight  
9 fee of ten dollars, which must be distributed to the multimodal  
10 transportation account under RCW 47.66.070 unless prior to July 1,  
11 2023, the actions described in (a) or (b) of this subsection occur,  
12 in which case the portion of the revenue that is the result of the  
13 fee increased in this subsection must be distributed to the  
14 connecting Washington account created under RCW 46.68.395.

15 (a) Any state agency files a notice of rule making under chapter  
16 34.05 RCW, absent explicit legislative authorization enacted  
17 subsequent to July 1, 2015, for a rule regarding a fuel standard  
18 based upon or defined by the carbon intensity of fuel, including a  
19 low carbon fuel standard or clean fuel standard.

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

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

30 (4) The department (~~shall~~) must:

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

34 (b) Adopt rules for determining weight for vehicles without  
35 manufacturer empty scale weights.

36 **Sec. 115.** RCW 46.25.100 and 2015 3rd sp.s. c 44 s 208 are each  
37 amended to read as follows:

38 (1) When a person has been disqualified from operating a  
39 commercial motor vehicle, the person is not entitled to have the

1 commercial driver's license or commercial learner's permit restored  
2 until after the expiration of the appropriate disqualification period  
3 required under RCW 46.25.090 or until the department has received a  
4 drug and alcohol assessment and evidence is presented of satisfactory  
5 participation in or completion of any required drug or alcohol  
6 treatment program for ending the disqualification under RCW  
7 46.25.090(7). After expiration of the appropriate period and upon  
8 payment of a requalification fee of twenty dollars until June 30,  
9 2016, and thirty-five dollars beginning July 1, 2016, or one hundred  
10 fifty dollars if the person has been disqualified under RCW  
11 46.25.090(7), the person may apply for a new, duplicate, or renewal  
12 commercial driver's license or commercial learner's permit as  
13 provided by law. If the person has been disqualified for a period of  
14 one year or more, the person (~~shall~~) must demonstrate that he or  
15 she meets the commercial driver's license or commercial learner's  
16 permit qualification standards specified in RCW 46.25.060.

17 (2) The fees under this section must be deposited into the  
18 highway safety fund unless prior to July 1, 2023, the actions  
19 described in (a) or (b) of this subsection occur, in which case the  
20 portion of the revenue that is the result of the fee increased in  
21 section 208, chapter 44, Laws of 2015 3rd sp. sess. must be  
22 distributed to the connecting Washington account created under RCW  
23 46.68.395.

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

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

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

1       **Sec. 116.** RCW 46.20.202 and 2017 c 310 s 3 are each amended to  
2 read as follows:

3       (1) The department may enter into a memorandum of understanding  
4 with any federal agency for the purposes of facilitating the crossing  
5 of the border between the state of Washington and the Canadian  
6 province of British Columbia.

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

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

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

29       (c) The enhanced driver's license or identicard must include  
30 reasonable security measures to protect the privacy of Washington  
31 state residents, including reasonable safeguards to protect against  
32 unauthorized disclosure of data about Washington state residents. If  
33 the enhanced driver's license or identicard includes a radio  
34 frequency identification chip, or similar technology, the department  
35 (~~shall~~) must ensure that the technology is encrypted or otherwise  
36 secure from unauthorized data access.

37       (d) The requirements of this subsection are in addition to the  
38 requirements otherwise imposed on applicants for a driver's license  
39 or identicard. The department (~~shall~~) must adopt such rules as  
40 necessary to meet the requirements of this subsection. From time to

1 time the department (~~shall~~) must review technological innovations  
2 related to the security of identity cards and amend the rules related  
3 to enhanced driver's licenses and identicards as the director deems  
4 consistent with this section and appropriate to protect the privacy  
5 of Washington state residents.

6 (e) Notwithstanding RCW 46.20.118, the department may make images  
7 associated with enhanced drivers' licenses or identicards from the  
8 negative file available to United States customs and border agents  
9 for the purposes of verifying identity.

10 (4) Beginning on July 23, 2017, the fee for an enhanced driver's  
11 license or enhanced identicard is twenty-four dollars, which is in  
12 addition to the fees for any regular driver's license or identicard.  
13 If the enhanced driver's license or enhanced identicard is issued,  
14 renewed, or extended for a period other than six years, the fee for  
15 each class is four dollars for each year that the enhanced driver's  
16 license or enhanced identicard is issued, renewed, or extended.

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

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

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

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

1       **Sec. 117.** RCW 46.25.052 and 2015 3rd sp.s. c 44 s 206 are each  
2 amended to read as follows:

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

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

8       (b) Passed the general knowledge examination required for  
9 issuance of a CDL under RCW 46.25.060 for the commercial motor  
10 vehicle classification in which the applicant operates or expects to  
11 operate; and

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

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

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

28       (4) A CLP may be classified in the same manner as a CDL under RCW  
29 46.25.080(2)(a).

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

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

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

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

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

16 (a) "P" restricts the driver from operating a bus with  
17 passengers;

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

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

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

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

27 (9) The department must transmit the fees collected for CLPs to  
28 the state treasurer for deposit in the highway safety fund unless  
29 prior to July 1, 2023, the actions described in (a) or (b) of this  
30 subsection occur, in which case the portion of the revenue that is  
31 the result of the fee increased in section 206, chapter 44, Laws of  
32 2015 3rd sp. sess. must be distributed to the connecting Washington  
33 account created under RCW 46.68.395.

34 (a) Any state agency files a notice of rule making under chapter  
35 34.05 RCW, absent explicit legislative authorization enacted  
36 subsequent to July 1, 2015, for a rule regarding a fuel standard  
37 based upon or defined by the carbon intensity of fuel, including a  
38 low carbon fuel standard or clean fuel standard.

39 (b) Any state agency otherwise enacts, adopts, orders, or in any  
40 way implements a fuel standard based upon or defined by the carbon

1 intensity of fuel, including a low carbon fuel standard or clean fuel  
2 standard, without explicit legislative authorization enacted  
3 subsequent to July 1, 2015.

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

9 **Sec. 118.** RCW 46.25.060 and 2015 3rd sp.s. c 44 s 207 are each  
10 amended to read as follows:

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

13 (i) Is a resident of this state;

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

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

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

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



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

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

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

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

13 (d) If the applicant's primary use of a commercial driver's  
14 license is for any of the following, then the applicant (~~shall~~)  
15 must pay a fee of no more than seventy-five dollars until June 30,  
16 2016, and two hundred twenty-five dollars beginning July 1, 2016, for  
17 the classified skill examination or combination of classified skill  
18 examinations whether conducted by the department or a third-party  
19 tester:

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

22 (ii) Public benefit not-for-profit corporations that support  
23 early childhood education and assistance programs as described in RCW  
24 (~~(43.215.405(2))~~) 43.216.505(2).

25 (e) Beginning July 1, 2016, if the applicant's primary use of a  
26 commercial driver's license is to drive a school bus, the applicant  
27 (~~shall~~) must pay a fee of no more than one hundred dollars for the  
28 classified skill examination or combination of classified skill  
29 examinations conducted by the department.

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

33 (2)(a) The department may waive the skills examination and the  
34 requirement for completion of a course of instruction in the  
35 operation of a commercial motor vehicle specified in this section for  
36 a commercial driver's license applicant who meets the requirements of  
37 49 C.F.R. Sec. 383.77.

38 (b) An applicant who operates a commercial motor vehicle for  
39 agribusiness purposes is exempt from the course of instruction  
40 completion and employer skills and training certification

1 requirements under this section. By January 1, 2010, the department  
2 (~~shall~~) must submit recommendations regarding the continuance of  
3 this exemption to the transportation committees of the legislature.  
4 For purposes of this subsection (2)(b), "agribusiness" means a  
5 private carrier who in the normal course of business primarily  
6 transports:

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

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

11 (iii) Unprocessed agricultural commodities, as defined in RCW  
12 17.21.020, where such commodities are produced by farmers, ranchers,  
13 vineyardists, or orchardists; or

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

15 (3) The department (~~shall~~) must notify the transportation  
16 committees of the legislature if the federal government takes action  
17 affecting the exemption provided in (~~this~~) subsection (2)(b) of  
18 this section.

19 (~~(3)~~) (4) A commercial driver's license or commercial learner's  
20 permit may not be issued to a person while the person is subject to a  
21 disqualification from driving a commercial motor vehicle, or while  
22 the person's driver's license is suspended, revoked, or canceled in  
23 any state, nor may a commercial driver's license be issued to a  
24 person who has a commercial driver's license issued by any other  
25 state unless the person first surrenders all such licenses, which  
26 must be returned to the issuing state for cancellation.

27 (~~(4)~~) (5) The fees under this section must be deposited into  
28 the highway safety fund unless prior to July 1, 2023, the actions  
29 described in (a) or (b) of this subsection occur, in which case the  
30 portion of the revenue that is the result of the fee increased in  
31 section 207, chapter 44, Laws of 2015 3rd sp. sess. must be  
32 distributed to the connecting Washington account created under RCW  
33 46.68.395.

34 (a) Any state agency files a notice of rule making under chapter  
35 34.05 RCW, absent explicit legislative authorization enacted  
36 subsequent to July 1, 2015, for a rule regarding a fuel standard  
37 based upon or defined by the carbon intensity of fuel, including a  
38 low carbon fuel standard or clean fuel standard.

39 (b) Any state agency otherwise enacts, adopts, orders, or in any  
40 way implements a fuel standard based upon or defined by the carbon

1 intensity of fuel, including a low carbon fuel standard or clean fuel  
2 standard, without explicit legislative authorization enacted  
3 subsequent to July 1, 2015.

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

9 **Sec. 119.** RCW 70.94.431 and 2013 c 51 s 6 are each amended to  
10 read as follows:

11 (1)(a) Except as provided in RCW 43.05.060 through 43.05.080 and  
12 43.05.150, and in addition to or as an alternate to any other penalty  
13 provided by law, any person who violates any of the provisions of  
14 this chapter, chapter 70.120 RCW, chapter 70.310 RCW, or any of the  
15 rules in force under such chapters may incur a civil penalty in an  
16 amount not to exceed ten thousand dollars per day for each violation.  
17 Each such violation (~~(shall be)~~) is a separate and distinct offense,  
18 and in case of a continuing violation, each day's continuance (~~(shall~~  
19 ~~be)~~) is a separate and distinct violation.

20 (b) Any person who fails to take action as specified by an order  
21 issued pursuant to this chapter (~~(shall be)~~) is liable for a civil  
22 penalty of not more than ten thousand dollars for each day of  
23 continued noncompliance.

24 (2)(a) Penalties incurred but not paid (~~(shall)~~) must accrue  
25 interest, beginning on the ninety-first day following the date that  
26 the penalty becomes due and payable, at the highest rate allowed by  
27 RCW 19.52.020 on the date that the penalty becomes due and payable.  
28 If violations or penalties are appealed, interest (~~(shall)~~) does not  
29 begin to accrue until the thirty-first day following final resolution  
30 of the appeal.

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

34 (3) Each act of commission or omission which procures, aids, or  
35 abets in the violation (~~(shall be)~~) is considered a violation under  
36 the provisions of this section and is subject to the same penalty.  
37 The penalties provided in this section (~~(shall be)~~) are imposed  
38 pursuant to RCW 43.21B.300.

1 (4) Except as provided in section 112 of this act, all penalties  
2 recovered under this section by the department (~~shall~~) must be paid  
3 into the state treasury and credited to the air pollution control  
4 account established in RCW 70.94.015 or, if recovered by the  
5 authority, (~~shall~~) must be paid into the treasury of the authority  
6 and credited to its funds. If a prior penalty for the same violation  
7 has been paid to a local authority, the penalty imposed by the  
8 department under subsection (1) of this section (~~shall~~) must be  
9 reduced by the amount of the payment.

10 (5) To secure the penalty incurred under this section, the state  
11 or the authority (~~shall have~~) has a lien on any vessel used or  
12 operated in violation of this chapter (~~which shall be~~) that is  
13 enforced as provided in RCW 60.36.050.

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

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

23 (8) By January 1, 1992, the department (~~shall~~) must develop  
24 rules for excusing excess emissions from enforcement action if such  
25 excess emissions are unavoidable. The rules (~~shall~~) must specify  
26 the criteria and procedures for the department and local air  
27 authorities to determine whether a period of excess emissions is  
28 excusable in accordance with the state implementation plan.

29 **Part II**

30 **Motor Vehicle Fuel Taxes**

31 **Sec. 201.** RCW 82.38.030 and 2015 3rd sp.s. c 44 s 103 are each  
32 amended to read as follows:

33 (1) There is levied and imposed upon fuel licensees a tax at the  
34 rate of twenty-three cents per gallon of fuel.

35 (2) Beginning July 1, 2003, an additional and cumulative tax rate  
36 of five cents per gallon of fuel is imposed on fuel licensees. This  
37 subsection (2) expires when the bonds issued for transportation 2003  
38 projects are retired.

1 (3) Beginning July 1, 2005, an additional and cumulative tax rate  
2 of three cents per gallon of fuel is imposed on fuel licensees.

3 (4) Beginning July 1, 2006, an additional and cumulative tax rate  
4 of three cents per gallon of fuel is imposed on fuel licensees.

5 (5) Beginning July 1, 2007, an additional and cumulative tax rate  
6 of two cents per gallon of fuel is imposed on fuel licensees.

7 (6) Beginning July 1, 2008, an additional and cumulative tax rate  
8 of one and one-half cents per gallon of fuel is imposed on fuel  
9 licensees.

10 (7) Beginning August 1, 2015, an additional and cumulative tax  
11 rate of seven cents per gallon of fuel is imposed on fuel licensees.

12 (8) Beginning July 1, 2016, an additional and cumulative tax rate  
13 of four and nine-tenths cents per gallon of fuel is imposed on fuel  
14 licensees.

15 (9) Beginning July 1, 2019, an additional and cumulative tax rate  
16 of one cent per gallon of fuel is imposed on fuel licensees.

17 (10) Beginning July 1, 2020, an additional and cumulative tax  
18 rate of one cent per gallon of fuel is imposed on fuel licensees.

19 (11) Beginning July 1, 2021, an additional and cumulative tax  
20 rate of one cent per gallon of fuel is imposed on fuel licensees.

21 (12) Beginning July 1, 2022, an additional and cumulative tax  
22 rate of one cent per gallon of fuel is imposed on fuel licensees.

23 (13) Beginning July 1, 2023, an additional and cumulative tax  
24 rate of one cent per gallon of fuel is imposed on fuel licensees.

25 (14) Beginning July 1, 2023, an additional and cumulative tax  
26 rate of six cents per gallon of the bioportion of a biofuel blended  
27 fuel is imposed on fuel licensees. This tax is not imposed on the  
28 petroleum portion of the biofuel blended fuel.

29 (15) Taxes are imposed when:

30 (a) Fuel is removed in this state from a terminal if the fuel is  
31 removed at the rack unless the removal is by a licensed supplier or  
32 distributor for direct delivery to a destination outside of the  
33 state, or the removal is by a fuel supplier for direct delivery to an  
34 international fuel tax agreement licensee under RCW 82.38.320;

35 (b) Fuel is removed in this state from a refinery if either of  
36 the following applies:

37 (i) The removal is by bulk transfer and the refiner or the owner  
38 of the fuel immediately before the removal is not a licensed  
39 supplier; or

1 (ii) The removal is at the refinery rack unless the removal is to  
2 a licensed supplier or distributor for direct delivery to a  
3 destination outside of the state, or the removal is to a licensed  
4 supplier for direct delivery to an international fuel tax agreement  
5 licensee under RCW 82.38.320;

6 (c) Fuel enters into this state for sale, consumption, use, or  
7 storage, unless the fuel enters this state for direct delivery to an  
8 international fuel tax agreement licensee under RCW 82.38.320, if  
9 either of the following applies:

10 (i) The entry is by bulk transfer and the importer is not a  
11 licensed supplier; or

12 (ii) The entry is not by bulk transfer;

13 (d) Fuel enters this state by means outside the bulk transfer-  
14 terminal system and is delivered directly to a licensed terminal  
15 unless the owner is a licensed distributor or supplier;

16 (e) Fuel is sold or removed in this state to an unlicensed entity  
17 unless there was a prior taxable removal, entry, or sale of the fuel;

18 (f) Blended fuel is removed or sold in this state by the blender  
19 of the fuel. The number of gallons of blended fuel subject to tax is  
20 the difference between the total number of gallons of blended fuel  
21 removed or sold and the number of gallons of previously taxed fuel  
22 used to produce the blended fuel;

23 (g) Dyed special fuel is used on a highway, as authorized by the  
24 internal revenue code, unless the use is exempt from the fuel tax;

25 (h) Dyed special fuel is held for sale, sold, used, or is  
26 intended to be used in violation of this chapter;

27 (i) Special fuel purchased by an international fuel tax agreement  
28 licensee under RCW 82.38.320 is used on a highway; and

29 (j) Fuel is sold by a licensed fuel supplier to a fuel  
30 distributor or fuel blender and the fuel is not removed from the bulk  
31 transfer-terminal system.

32 **Sec. 202.** RCW 46.68.090 and 2015 3rd sp.s. c 44 s 105 are each  
33 amended to read as follows:

34 (1) All moneys that have accrued or may accrue to the motor  
35 vehicle fund from the fuel tax must be first expended for purposes  
36 enumerated in (a) and (b) of this subsection. The remaining net tax  
37 amount must be distributed monthly by the state treasurer in  
38 accordance with subsections (2) through (~~(8)~~) (9) of this section.

1 (a) For payment of refunds of fuel tax that has been paid and is  
2 refundable as provided by law;

3 (b) For payment of amounts to be expended pursuant to  
4 appropriations for the administrative expenses of the offices of  
5 state treasurer, state auditor, and the department of licensing of  
6 the state of Washington in the administration of the fuel tax, which  
7 sums must be distributed monthly.

8 (2) All of the remaining net tax amount collected under RCW  
9 82.38.030(1) must be distributed as set forth in (a) through (j) of  
10 this subsection.

11 (a) For distribution to the motor vehicle fund an amount equal to  
12 44.387 percent to be expended for highway purposes of the state as  
13 defined in RCW 46.68.130;

14 (b)(i) For distribution to the special category C account, hereby  
15 created in the motor vehicle fund, an amount equal to 3.2609 percent  
16 to be expended for special category C projects. Special category C  
17 projects are category C projects that, due to high cost only, will  
18 require bond financing to complete construction.

19 (ii) The following criteria, listed in order of priority, must be  
20 used in determining which special category C projects have the  
21 highest priority:

22 (A) Accident experience;

23 (B) Fatal accident experience;

24 (C) Capacity to move people and goods safely and at reasonable  
25 speeds without undue congestion; and

26 (D) Continuity of development of the highway transportation  
27 network.

28 (iii) Moneys deposited in the special category C account in the  
29 motor vehicle fund may be used for payment of debt service on bonds  
30 the proceeds of which are used to finance special category C projects  
31 under this subsection (2)(b);

32 (c) For distribution to the Puget Sound ferry operations account  
33 in the motor vehicle fund an amount equal to 2.3283 percent;

34 (d) For distribution to the Puget Sound capital construction  
35 account in the motor vehicle fund an amount equal to 2.3726 percent;

36 (e) For distribution to the transportation improvement account in  
37 the motor vehicle fund an amount equal to 7.5597 percent;

38 (f) For distribution to the transportation improvement account in  
39 the motor vehicle fund an amount equal to 5.6739 percent and expended  
40 in accordance with RCW 47.26.086;

1 (g) For distribution to the cities and towns from the motor  
2 vehicle fund an amount equal to 10.6961 percent in accordance with  
3 RCW 46.68.110;

4 (h) For distribution to the counties from the motor vehicle fund  
5 an amount equal to 19.2287 percent: (i) Out of which there must be  
6 distributed from time to time, as directed by the department of  
7 transportation, those sums as may be necessary to carry out the  
8 provisions of RCW 47.56.725; and (ii) less any amounts appropriated  
9 to the county road administration board to implement the provisions  
10 of RCW 47.56.725(4), with the balance of such county share to be  
11 distributed monthly as the same accrues for distribution in  
12 accordance with RCW 46.68.120;

13 (i) For distribution to the county arterial preservation account,  
14 hereby created in the motor vehicle fund an amount equal to 1.9565  
15 percent. These funds must be distributed by the county road  
16 administration board to counties in proportions corresponding to the  
17 number of paved arterial lane miles in the unincorporated area of  
18 each county and must be used for improvements to sustain the  
19 structural, safety, and operational integrity of county arterials.  
20 The county road administration board must adopt reasonable rules and  
21 develop policies to implement this program and to assure that a  
22 pavement management system is used;

23 (j) For distribution to the rural arterial trust account in the  
24 motor vehicle fund an amount equal to 2.5363 percent and expended in  
25 accordance with RCW 36.79.020.

26 (3) The remaining net tax amount collected under RCW 82.38.030(2)  
27 must be distributed to the transportation 2003 account (nickel  
28 account).

29 (4) The remaining net tax amount collected under RCW 82.38.030(3)  
30 must be distributed as follows:

31 (a) 8.3333 percent must be distributed to the incorporated cities  
32 and towns of the state in accordance with RCW 46.68.110;

33 (b) 8.3333 percent must be distributed to counties of the state  
34 in accordance with RCW 46.68.120; and

35 (c) The remainder must be distributed to the transportation  
36 partnership account created in RCW 46.68.290.

37 (5) The remaining net tax amount collected under RCW 82.38.030(4)  
38 must be distributed as follows:

39 (a) 8.3333 percent must be distributed to the incorporated cities  
40 and towns of the state in accordance with RCW 46.68.110;



1 (b) 8.3333 percent must be distributed to counties of the state  
2 in accordance with RCW 46.68.120; and

3 (c) The remainder must be distributed to the transportation  
4 partnership account created in RCW 46.68.290.

5 (6) The remaining net tax amount collected under RCW 82.38.030  
6 (5) and (6) must be distributed to the transportation partnership  
7 account created in RCW 46.68.290.

8 (7) The remaining net tax amount collected under RCW 82.38.030  
9 (7) and (8) must be distributed to the connecting Washington account  
10 created in RCW 46.68.395.

11 (8) The remaining net tax amount collected under RCW 82.38.030  
12 (9) through (14) must be distributed to the motor vehicle fund  
13 created in RCW 46.68.070.

14 (9) Nothing in this section or in RCW 46.68.130 may be construed  
15 so as to violate any terms or conditions contained in any highway  
16 construction bond issues now or hereafter authorized by statute and  
17 whose payment is by such statute pledged to be paid from any excise  
18 taxes on fuel.

### 19 Part III

#### 20 Miscellaneous Provisions

21 NEW SECTION. **Sec. 301.** Sections 102 through 113 of this act are  
22 each added to chapter 70.94 RCW and codified with the subchapter  
23 heading of "clean fuels."

24 NEW SECTION. **Sec. 302.** If any provision of this act or its  
25 application to any person or circumstance is held invalid, the  
26 remainder of the act or the application of the provision to other  
27 persons or circumstances is not affected.

28 NEW SECTION. **Sec. 303.** If specific funding for the purposes of  
29 this act, referencing this act by bill or chapter number, is not  
30 provided by June 30, 2019, in the omnibus appropriations act, this  
31 act is null and void.

32 NEW SECTION. **Sec. 304.** This act is necessary for the immediate  
33 preservation of the public peace, health, or safety, or support of

1 the state government and its existing public institutions, and takes  
2 effect July 1, 2019.

--- **END** ---