

SB 5601 -- Redline

Substitute to Bill -- Advancing the production and use of alternative jet fuels in Washington.

Deletions ~~struck~~ · Insertions underlined

~~S-1535.1~~ S-0688.2 ~~SUBSTITUTE~~ SENATE BILL 5601 State of Washington 69th Legislature 2025 Regular Session
By ~~Senate Environment, Energy & Technology (originally sponsored by~~ Senators Liias, Stanford, Lovick,
Salomon, Goehner, Muzzall, Wagoner, Christian, Lovelett, Nobles, Saldana, Shewmake, and ~~Slatter)~~ Slatter
~~READ~~ Read FIRST first TIME time 02/18/25-01/30/25.

Referred to Committee on Environment, Energy & Technology.

~~providing an effective date;~~

1 ~~SSB~~ SB 5601 assessment of adequacy of feedstock supply and in-state feedstock, renewable fuels, and alternative jet fuels production;

2 ~~SSB~~ SB 5601 electrolytic hydrogen in state operations, including motor vehicle fleets, the state ferry system, and nonroad equipment.

(e) To the extent practicable, the department must support grant recipients ~~of grants awarded through the grant program established in this subsection (5) with their~~ continued efforts ~~work siting on projects~~ responsible and streamlining related ~~of planning in ways that may support the siting and permitting process.~~

~~(6)(a) By June 1, 2026, and in accordance with this section, the department must submit a report to the governor and appropriate committees of the legislature on the availability and adequacy of feedstock supply and in-state feedstock for alternative jet fuels and renewable fuels production, including availability of biomethane.~~

~~The report must identify, at a minimum:~~

~~(i) The availability of biomethane as a feedstock for alternative jet fuel within Washington state, including whether biomethane p.~~

3 ~~SSB 5601 availability is sufficient to support the alternative jet fuel production volume identified in RCW 70A.535.150;~~

~~(ii) The effect on biomethane availability if biomethane eligibility is limited to transport on pipelines that flow toward fuel production facilities in Washington state at least 50 percent of the time;~~

~~and (iii) Alternative approaches to incentivize biomethane production in Washington state and ensure the state benefits from such production.~~

~~(b) In developing the report required in (a) of this subsection, the department must consult with:~~

~~(i) The department of ecology and provide key findings to the department of ecology to help inform future rule making as required under chapter 70A.535 RCW;~~

~~and (ii) The alternative jet fuels work group established in RCW 28B.30.646.~~

~~(7) For the purposes of this section, "alternative jet fuel" has the same meaning as provided in RCW 70A.535.010.~~

(1) The department of ecology shall prepare nonproject environmental impact statements, pursuant to RCW 43.21C.030, that assess and disclose the probable significant adverse environmental impacts, and that identify related mitigation measures, for each of the following categories of clean energy projects, and colocated ~~battery p.~~ energy storage projects that may be included in such projects:

3 SB 5601 battery energy storage projects that may be included in such projects:

The nonproject ~~p.~~ review is not required to evaluate geographic areas that lack the characteristics necessary for the applicable clean energy project type.

~~4 SSB 5601 review is not required to evaluate geographic areas that lack the characteristics necessary for the applicable clean energy project type.~~

These include measures to mitigate probable significant adverse environmental impacts to elements of the environment as defined in WAC 197-11-444 as it existed as of January 1, 2023, tribal rights, interests, and resources, including tribal cultural resources, as ~~identified p. in RCW 70A.65.305, and overburdened communities as defined in RCW 70A.02.010.~~

4 SB 5601 identified in RCW 70A.65.305, and overburdened communities as defined in RCW 70A.02.010.

(4) In defining the scope of nonproject review of clean energy projects, the department of ecology shall request input from agencies, federally recognized Indian tribes, industry, stakeholders, local governments, and the public to identify the geographic areas suitable for the applicable clean energy project type, based on the climatic and geophysical attributes conducive to or required for ~~p.~~ project development.

~~5 SSB 5601 project development.~~

(7) Following the completion of a nonproject review subject to this section, the interagency clean

~~energy siting coordinating council. created in RCW 43.394.010 must consider the findings and make recommendations to the legislature and governor on potential areas to designate as clean energy preferred zones for the clean energy project technology analyzed, and any taxation, regulatory, environmental review, or other benefits that should accrue to projects in such designated preferred zones.~~

5 SB 5601 council created in RCW 43.394.010 must consider the findings and make recommendations to the legislature and governor on potential areas to designate as clean energy preferred zones for the clean energy project technology analyzed, and any taxation, regulatory, environmental review, or other benefits that should accrue to projects in such designated preferred zones.

~~(9)(a)(9) Subject to the availability of amounts appropriated for this specific purpose, the department of ecology must explore the development of one or more nonproject environmental impact statements for alternative jet fuel production pathways, pathways which in may accordance include with blending those and developed distribution for infrastructure, other clean energy projects in this section.~~

p. For the purposes of this subsection, "alternative jet fuel" has the same meaning as provided in RCW 70A.535.010.

~~6 SSB 5601 (b) A nonproject environmental impact statement developed under this subsection (9) must:~~

~~(i) Only be developed for alternative jet fuel production pathways producing alternative jet fuel that has at least 50 percent less carbon dioxide equivalent emissions than conventional petroleum jet fuel;~~

~~and (ii) Be consistent with those developed for other clean energy projects in this section.~~

~~(c) By June 30, 2027, and in compliance with RCW 43.01.036, the department of ecology must submit a report to the governor and appropriate committees of the legislature with an update on any nonproject environmental impact statements developed for alternative jet fuel production pathways in accordance with this subsection (9).~~

~~(d) For the purposes of this subsection, "alternative jet fuel" has the same meaning as provided in RCW 70A.535.010.~~

(1) The department must, by January 1, 2026, adopt, and by rule, compliance restrictions with relating RCW to 43.01.036, pipeline the flow department or must geographic submit origina of report biomethane to claimed the as governor and feedstock appropriate to committees produce of alternative the jet legislature fuel, on the availability of biomethane.

~~(2) The Any report rules must the identify, department at adopts relating to the limitation of the crediting periods for the voluntary capture of methane associated with biomethane claimed as a feedstock minimum: to produce alternative jet fuel must be consistent with rules adopted by the California air resources board relating to avoided methane crediting periods.~~

(a) The availability of biomethane as a feedstock for alternative jet fuel within Washington state, including whether biomethane availability is sufficient to support the alternative jet fuel production volume identified in RCW 70A.535.150;

(b) The effect on biomethane availability if biomethane eligibility is limited to transport on pipelines that flow toward fuel production facilities in Washington state at least 50 percent of the time;

(c) Alternative approaches to incentivize biomethane production in Washington state and ensure the state benefits from such production;

and (d) The credit prices and crediting periods required, under this chapter and rules adopted by the department, to incentivize the capture of fugitive methane to produce biomethane.

(2) In developing the report required in subsection (1) of this section, the department must consult with the alternative jet fuels work group established in RCW 28B.30.646.

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6 SB 5601 (3) The department must not adopt, by rule, restrictions relating to pipeline flow or geographic origin of biomethane claimed as a feedstock to produce alternative jet fuel prior to the completion of the report in subsection (1) of this section.

(4) The department must not limit the crediting periods, under this chapter and rules adopted by the department, to less than 20 years for the voluntary capture of methane associated with biomethane claimed as a feedstock to produce alternative jet fuel prior to the completion of the report in subsection (1) of this section.

p. (b) Facilities to produce clean fuels, subject to the limitations in subsection (((8))) (9)(d) of this section, renewable hydrogen, green electrolytic hydrogen, ((or)) green hydrogen carriers, or alternative jet fuels;

~~7 SSB 5601 (b) Facilities to produce clean fuels, subject to the limitations in subsection (((8)))~~

~~(9)(d) of this section, renewable hydrogen, green electrolytic hydrogen, ((or)) green hydrogen carriers, or alternative jet fuels;~~

~~(i) p. Construction of the qualified building, if the underlying ownership of the building vests exclusively with the person receiving the economic benefit of the deferral;~~

7 SB 5601 (i) Construction of the qualified building, if the underlying ownership of the building vests

exclusively with the person receiving the economic benefit of the deferral;

~~p-(((8)))~~ (9) "Manufacturing operation" means manufacturing tangible personal property exclusively incorporated as an ingredient or component of or used in the generation of:

~~8 SSB 5601 (((8)))~~ (9) "Manufacturing operation" means manufacturing tangible personal property exclusively incorporated as an ingredient or component of or used in the generation of:

~~(ii)p. For the purposes of this subsection (9), "fueling infrastructure" means facilities or equipment used to store, handle, blend, load, unload, transport, deliver, or distribute neat or blended alternative jet fuel to facilitate end-use in an aircraft.~~

8 SB 5601 (ii) For the purposes of this subsection (9), "fueling infrastructure" means facilities or equipment used to store, handle, blend, load, unload, transport, deliver, or distribute neat or blended alternative jet fuel to facilitate end-use in an aircraft.

~~p-(((11)))~~ (12) "Person" has the same meaning as in RCW 82.04.030.

~~9 SSB 5601 (((11)))~~ (12) "Person" has the same meaning as in RCW 82.04.030.

molds, tools, and ~~dies~~;p.

9 SB 5601 dies;

(1)(a) BeginningAll Julyleasehold 1,interests 2029,in all buildings, machinery, equipment, and other personal property used primarily for the manufacturing or blending of alternative jet fuel, the land upon which the property is located, and land that is reasonably necessary in the manufacturing or blending of alternative jet fuel, but not the land necessary for producing feedstocks, which together comprise a new manufacturing or blending facility or an addition to an existing ~~p-manufacturing or blending facility~~, are exempt from state property taxation.

~~10 SSB 5601 manufacturing or blending facility, are exempt from state property taxation.~~

Once filed, the exemption is valid for ~~10p-assessment years following the date on which the facility or the addition to the existing facility becomes operationally complete and may not be renewed.~~

10 SB 5601 10 assessment years following the date on which the facility or the addition to the existing facility becomes operationally complete and may not be renewed.

No claims may be filed after December 31, ~~2034,2030.~~

(7) This section expires December 31, ~~2047,2043.~~

~~p-NEW SECTION.~~

~~11 SSB 5601 NEW SECTION.~~

(1)(a) ~~BeginningAll July 1, 2029, all~~ leasehold interests in buildings, machinery, equipment, and other personal property used primarily for the manufacturing or blending of alternative jet fuel, the land upon which the property is located, and land that is reasonably necessary in the manufacturing or blending of alternative jet fuel, but not the land necessary for producing feedstocks, which together comprise a new manufacturing or blending facility or an addition to an existing manufacturing or blending facility, are exempt from state leasehold taxes.

~~(2)(a)p. The exemption under this section applies to facilities manufacturing or blending alternative jet fuel that has at least 50 percent less carbon dioxide equivalent emissions than conventional petroleum jet fuel.~~

11 SB 5601 (2)(a) The exemption under this section applies to facilities manufacturing or blending alternative jet fuel that has at least 50 percent less carbon dioxide equivalent emissions than conventional petroleum jet fuel.

No claims may be filed after December 31, ~~2034,2030.~~

~~p-(6) For the purposes of this section, the following definitions apply:~~

~~12 SSB 5601 (6) For the purposes of this section, the following definitions apply:~~

(7) This section expires December 31, ~~2047,2043.~~

(1) This section is the tax preference performance statement for the tax preferences contained in sections ~~43~~ through ~~6,5,~~ chapter .

It is not intended to ~~createp. a private right of action by any party or to be used to determine eligibility for preferential tax treatment.~~

12 SB 5601 create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(5) The review conducted by the joint legislative audit and review committee must include a racial equity analysis on air travel- related pollution in communities near an international airport owned ~~p-by~~ a port district in a county with a population greater than 1,500,000.

~~13 SSB 5601 by a port district in a county with a population greater than 1,500,000.~~

~~NEW SECTION.~~

~~Sec.~~

~~8-~~

~~Section 4 of this act takes effect July 1, 2020.~~

~~1413~~ ~~SSB~~ SB 5601

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