
SENATE BILL 5601

State of Washington

69th Legislature

2025 Regular Session

By Senators Lias, Stanford, Lovick, Salomon, Goehner, Muzzall, and Wagoner

1 AN ACT Relating to advancing the production and use of
2 alternative jet fuels in Washington; amending RCW 43.330.570,
3 43.21C.535, and 82.89.010; adding a new section to chapter 70A.535
4 RCW; adding a new section to chapter 84.36 RCW; adding a new section
5 to chapter 82.29A RCW; creating a new section; and providing
6 expiration dates.

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

8 **Sec. 1.** RCW 43.330.570 and 2023 c 232 s 6 are each amended to
9 read as follows:

10 (1) The office shall:

11 (a) Coordinate with federally recognized tribes, local
12 government, state agencies, federal agencies, private entities, the
13 state's public four-year institutions of higher education, labor
14 unions, and others to facilitate and promote multi-institution
15 collaborations to drive research, development, and deployment efforts
16 in the production, distribution, and use of alternative jet fuels and
17 renewable fuels including, but not limited to, green electrolytic
18 hydrogen;

19 (b) Review existing renewable fuels, alternative jet fuels, and
20 green electrolytic hydrogen initiatives, policies, and public and
21 private investments, and tax and regulatory incentives, including

1 assessment of adequacy of feedstock supply and in-state feedstock,
2 renewable fuels, and alternative jet fuels production;

3 (c) Consider funding opportunities that provide for the
4 coordination of public and private funds for the purposes of
5 developing and deploying renewable fuels, alternative jet fuels, and
6 green electrolytic hydrogen;

7 (d) Assess opportunities for and barriers to deployment of
8 renewable fuels, alternative jet fuels, and green electrolytic
9 hydrogen in hard to decarbonize sectors of the state economy;

10 (e) Request recommendations from the Washington state association
11 of fire marshals regarding fire and other safety standards adopted by
12 the United States department of energy and recognized national and
13 international fire and safety code development authorities regarding
14 renewable fuels, alternative jet fuels, and green electrolytic
15 hydrogen;

16 (f) By December 1, 2023, develop a plan and recommendations for
17 consideration by the legislature and governor on renewable fuels and
18 green electrolytic hydrogen policy and public funding including, but
19 not limited to, project permitting, state procurement, and pilot
20 projects; and

21 (g) Encourage new and support existing public-private
22 partnerships to increase coordinated planning and deployment of
23 renewable fuels, alternative jet fuels, and green electrolytic
24 hydrogen.

25 (2) The office may take all appropriate steps to seek and apply
26 for federal funds for which the office is eligible, and other grants,
27 and accept donations, and must deposit these funds in the renewable
28 fuels accelerator account created in RCW 43.330.575.

29 (3) In carrying out its duties, the office must collaborate with
30 the department, the department of ecology, the department of
31 transportation, the utilities and transportation commission, electric
32 utilities in Washington state, the Washington State University
33 extension energy program, the alternative jet fuel work group
34 established in RCW 28B.30.646, and all other relevant state agencies.
35 The office must also consult with and seek to involve federally
36 recognized tribes, project developers, labor and industry trade
37 groups, and other interested parties, in the development of policy
38 analysis and recommended programs or projects.

39 (4) The office may cooperate with other state agencies in
40 compiling data regarding the use of renewable fuels and green

1 electrolytic hydrogen in state operations, including motor vehicle
2 fleets, the state ferry system, and nonroad equipment.

3 (5) Subject to the availability of amounts appropriated for this
4 specific purpose, the office must develop an alternative jet fuels
5 infrastructure competitive grant program to support research,
6 development, demonstration, engineering designs, production
7 facilities, and blending and use of alternative jet fuels
8 infrastructure.

9 (a) Grant funds may be used for alternative jet fuel
10 infrastructure planning, engineering, design, research, development,
11 demonstration, and construction. Grant funds may be used to
12 contribute to matching funds for federal, state, or local requests
13 for alternative jet fuels infrastructure proposals.

14 (b) Grant funds must not be used for land acquisition or
15 permitting costs.

16 (c) Qualifying projects may include, but are not limited to:

17 (i) Rail spurs;

18 (ii) Barging infrastructure;

19 (iii) Fuel loading and offloading racks; and

20 (iv) Installation of blending facilities, including tanks, pipes,
21 pumps, and mixing equipment.

22 (d) Infrastructure built with grant funding is intended to be for
23 the public good. Grant recipients must not restrict access to
24 infrastructure. Excessive fees for use may be considered a restricted
25 access.

26 (e) To the extent practicable, the department must support grant
27 recipients with continued work on responsible streamlining of the
28 permitting process.

29 (f) Beginning December 1, 2026, and annually thereafter, the
30 department must report to the governor and relevant committees of the
31 legislature on projects selected for funding and project status.

32 **Sec. 2.** RCW 43.21C.535 and 2023 c 230 s 302 are each amended to
33 read as follows:

34 (1) The department of ecology shall prepare nonproject
35 environmental impact statements, pursuant to RCW 43.21C.030, that
36 assess and disclose the probable significant adverse environmental
37 impacts, and that identify related mitigation measures, for each of
38 the following categories of clean energy projects, and colocated

1 battery energy storage projects that may be included in such
2 projects:

3 (a) Green electrolytic or renewable hydrogen projects;

4 (b) Utility-scale solar energy projects, which will consider the
5 findings of the Washington State University least-conflict solar
6 siting process; and

7 (c) Onshore utility-scale wind energy projects.

8 (2) The scope of a nonproject environmental review shall be
9 limited to the probable, significant adverse environmental impacts in
10 geographic areas that are suitable for the applicable clean energy
11 type. The department of ecology may consider standard attributes for
12 likely development, proximity to existing transmission or
13 complementary facilities, and planned corridors for transmission
14 capacity construction, reconstruction, or enlargement. The nonproject
15 review is not required to evaluate geographic areas that lack the
16 characteristics necessary for the applicable clean energy project
17 type.

18 (3)(a) The scope of nonproject environmental impact statements
19 must consider, as appropriate, analysis of the following probable
20 significant adverse environmental impacts, including direct,
21 indirect, and cumulative impacts to:

22 (i) Historic and cultural resources;

23 (ii) Species designated for protection under RCW 77.12.020 or the
24 federal endangered species act;

25 (iii) Landscape scale habitat connectivity and wildlife migration
26 corridors;

27 (iv) Environmental justice and overburdened communities as
28 defined in RCW 70A.02.010;

29 (v) Cultural resources and elements of the environment relevant
30 to tribal rights, interests, and resources including tribal cultural
31 resources, and fish, wildlife, and their habitat;

32 (vi) Land uses, including agricultural and ranching uses; and

33 (vii) Military installations and operations.

34 (b) The nonproject environmental impact statements must identify
35 measures to avoid, minimize, and mitigate probable significant
36 adverse environmental impacts identified during the review. These
37 include measures to mitigate probable significant adverse
38 environmental impacts to elements of the environment as defined in
39 WAC 197-11-444 as it existed as of January 1, 2023, tribal rights,
40 interests, and resources, including tribal cultural resources, as

1 identified in RCW 70A.65.305, and overburdened communities as defined
2 in RCW 70A.02.010. The department of ecology shall consult with
3 federally recognized Indian tribes and other agencies with expertise
4 in identification and mitigation of probable, significant adverse
5 environmental impacts including, but not limited to, the department
6 of fish and wildlife. The department of ecology shall further specify
7 when probable, significant adverse environmental impacts cannot be
8 mitigated.

9 (4) In defining the scope of nonproject review of clean energy
10 projects, the department of ecology shall request input from
11 agencies, federally recognized Indian tribes, industry, stakeholders,
12 local governments, and the public to identify the geographic areas
13 suitable for the applicable clean energy project type, based on the
14 climatic and geophysical attributes conducive to or required for
15 project development. The department of ecology will provide
16 opportunities for the engagement of tribes, overburdened communities,
17 and stakeholders that self-identify an interest in participating in
18 the processes.

19 (5) The department of ecology will offer early and meaningful
20 consultation with any affected federally recognized Indian tribe on
21 the nonproject review under this section for the purpose of
22 understanding potential impacts to tribal rights and resources,
23 including tribal cultural resources, archaeological sites, sacred
24 sites, fisheries, or other rights and interests in tribal lands and
25 lands within which an Indian tribe or tribes possess rights reserved
26 or protected by federal treaty, statute, or executive order. Certain
27 information obtained by the department of ecology under this section
28 is exempt from disclosure consistent with RCW 42.56.300.

29 (6) Final nonproject environmental review documents for the clean
30 energy projects identified in subsection (1) of this section, where
31 applicable, shall include maps identifying probable, significant
32 adverse environmental impacts for the resources evaluated. Maps must
33 be prepared with the intention to illustrate probable, significant
34 impacts, creating a tool that may be used by project proponents,
35 tribes, and government to inform decision making. The maps may not be
36 used in the place of surveys on specific parcels of land or input of
37 a potentially affected federally recognized Indian tribe regarding
38 specific parcels.

39 (7) Following the completion of a nonproject review subject to
40 this section, the interagency clean energy siting coordinating

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

7 (8) Nothing in this section prohibits or precludes projects from
8 being located outside areas designated as clean energy preferred
9 zones.

10 (9) Subject to the availability of amounts appropriated for this
11 specific purpose, the department of ecology must explore the
12 development of one or more nonproject environmental impact statements
13 for alternative jet fuel production pathways in accordance with those
14 developed for other clean energy projects in this section. For the
15 purposes of this subsection, "alternative jet fuel" has the same
16 meaning as provided in RCW 70A.535.010.

17 NEW SECTION. Sec. 3. A new section is added to chapter 70A.535
18 RCW to read as follows:

19 (1) By January 1, 2026, and in compliance with RCW 43.01.036, the
20 department must submit a report to the governor and appropriate
21 committees of the legislature on the availability of biomethane. The
22 report must identify, at a minimum:

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

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

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

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

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

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

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

10 **Sec. 4.** RCW 82.89.010 and 2022 c 185 s 1 are each amended to
11 read as follows:

12 The definitions in this section apply throughout this chapter
13 unless the context clearly requires otherwise.

14 (1) "Alternative jet fuel" has the same meaning as provided in
15 RCW 70A.535.010.

16 (2) "Applicant" means a person applying for a tax deferral under
17 this chapter.

18 ((+2)) (3) "Eligible investment project" means an investment
19 project of at least \$2,000,000 in either qualified buildings or
20 qualified machinery and equipment, or both, for any of the following
21 new, renovated, or expanded:

22 (a) Manufacturing operations;

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

27 (c) Storage facilities.

28 ((+3)) (4) "Green electrolytic hydrogen" means hydrogen produced
29 through electrolysis and does not include hydrogen manufactured using
30 steam reforming or any other conversion technology that produces
31 hydrogen from a fossil fuel feedstock.

32 ((+4)) (5) "Green hydrogen carrier" means a chemical compound,
33 created using electricity or renewable resources as energy input and
34 without use of fossil fuel as a feedstock, from renewable hydrogen or
35 green electrolytic hydrogen for the purposes of transportation,
36 storage, and dispensing of hydrogen.

37 ((+5)) (6)(a) "Initiation of construction" means the date that a
38 building permit is issued under the building code adopted under
39 RCW 19.27.031 for:

1 (i) Construction of the qualified building, if the underlying
2 ownership of the building vests exclusively with the person receiving
3 the economic benefit of the deferral;

4 (ii) Construction of the qualified building, if the economic
5 benefits of the deferral are passed to a lessee as provided in RCW
6 82.89.020; or

7 (iii) Tenant improvements for a qualified building, if the
8 economic benefits of the deferral are passed to a lessee as provided
9 in RCW 82.89.020.

10 (b) "Initiation of construction" does not include soil testing,
11 site clearing and grading, site preparation, or any other related
12 activities that are initiated before the issuance of a building
13 permit for the construction of the foundation of the building.

14 (c) If the eligible investment project is a phased project,
15 "initiation of construction" applies separately to each phase.

16 ~~((6))~~ (7) "Investment project" means an investment in either
17 qualified buildings or qualified machinery and equipment, or both,
18 including labor and services rendered in the planning, installation,
19 and construction of the project.

20 ~~((7))~~ (8) "Manufacturing" has the same meaning as "to
21 manufacture" in RCW 82.04.120.

22 ~~((8))~~ (9) "Manufacturing operation" means manufacturing
23 tangible personal property exclusively incorporated as an ingredient
24 or component of or used in the generation of:

25 (a) Passenger cars, light duty trucks, medium duty passenger
26 vehicles, buses, commercial vehicles as defined in RCW 46.04.140, or
27 motorcycles that emit no exhaust gas from the onboard source of
28 power, other than water vapor;

29 (b) Charging and fueling infrastructure for electric, hydrogen,
30 or other vehicle types that emits no exhaust gas from the onboard
31 source of power, other than water vapor;

32 (c) Renewable and green electrolytic hydrogen, including
33 preparing renewable and green electrolytic hydrogen for distribution
34 or converting it to a green hydrogen carrier;

35 (d) Clean fuel with associated greenhouse gas emissions not
36 exceeding 80 percent of the 2017 levels established under RCW
37 70A.535.020 or its successor statute under chapter 70A.535 RCW;

38 (e) Electricity from renewable resources; or

39 (f) (i) Alternative jet fuel, including fueling infrastructure;

1 (ii) For the purposes of this subsection (9), "fueling
2 infrastructure" means facilities or equipment used to store, handle,
3 blend, load, unload, transport, deliver, or distribute neat or
4 blended alternative jet fuel to facilitate end-use in an aircraft.
5 "Fueling infrastructure" includes, but is not limited to, storage or
6 blending tanks, pumping systems, pipe or pipelines, mixing equipment,
7 fuel testing equipment, fuel monitoring or control equipment, fuel
8 safety equipment, and fuel loading or unloading connections to at
9 least one transportation modality used to provide the alternative jet
10 fuel to an airport for use in an aircraft; or

11 (g) Storage facilities.

12 ~~((9))~~ (10) "Meaningful construction" means an active
13 construction site, where excavation of a building site, laying of a
14 building foundation, or other tangible signs of construction are
15 taking place and that clearly show a progression in the construction
16 process at the location designated by the taxpayer in the application
17 for deferral. Planning, permitting, or land clearing before
18 excavation of the building site, without more, does not constitute
19 "meaningful construction."

20 ~~((10))~~ (11) "Operationally complete" means the eligible
21 investment project is capable of being used for its intended purpose
22 as described in the application.

23 ~~((11))~~ (12) "Person" has the same meaning as in RCW 82.04.030.

24 ~~((12))~~ (13) "Qualified buildings" means construction of new
25 structures, and expansion or renovation of existing structures for
26 the purpose of increasing floor space or production capacity, used
27 for manufacturing, including plant offices and warehouses or other
28 buildings for the storage of raw materials or finished goods if the
29 facilities are an essential or an integral part of a factory, mill,
30 plant, or laboratory used for manufacturing. If a qualified building
31 is used partly for manufacturing and partly for other purposes, the
32 applicable tax deferral must be determined by apportionment of the
33 costs of construction under rules adopted by the department.

34 ~~((13))~~ (14) "Qualified machinery and equipment" means all new
35 industrial fixtures, equipment, and support facilities that are an
36 integral and necessary part of a manufacturing operation. "Qualified
37 machinery and equipment" includes: Computers; software; data
38 processing equipment; laboratory equipment; manufacturing components
39 such as belts, pulleys, shafts, and moving parts; molds, tools, and

1 dies; operating structures; and all equipment used to control,
2 monitor, or operate the machinery.

3 ~~((14))~~ (15) "Recipient" means a person receiving a tax deferral
4 under this chapter.

5 ~~((15))~~ (16) "Renewable resource" has the same meaning as in RCW
6 82.08.816.

7 ~~((16))~~ (17) "Storage facility" means a facility that:

8 (a) Accepts electricity as an energy source and uses a chemical,
9 thermal, mechanical, or other process to store energy for subsequent
10 delivery or consumption in the form of electricity; or

11 (b) Stores renewable hydrogen, green electrolytic hydrogen, or
12 green hydrogen carrier for subsequent delivery or consumption.

13 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.36
14 RCW to read as follows:

15 (1) (a) All leasehold interests in buildings, machinery,
16 equipment, and other personal property used primarily for the
17 manufacturing or blending of alternative jet fuel, the land upon
18 which the property is located, and land that is reasonably necessary
19 in the manufacturing or blending of alternative jet fuel, but not the
20 land necessary for producing feedstocks, which together comprise a
21 new manufacturing or blending facility or an addition to an existing
22 manufacturing or blending facility, are exempt from state property
23 taxation.

24 (b) For manufacturing facilities that produce products in
25 addition to alternative jet fuel, the amount of the property tax
26 exemption is based on the annual percentage of the total value of all
27 products manufactured that is the value of the alternative jet fuel
28 manufactured.

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

33 (b) A claimant may be required to provide documentation to the
34 county assessor or the department that the facility has obtained a
35 carbon intensity score from the department of ecology sufficient to
36 verify the requirement under (a) of this subsection.

37 (3) Claims for exemptions authorized by this section must be
38 filed with the county assessor on forms prescribed by the department
39 and furnished by the assessor. Once filed, the exemption is valid for

1 10 assessment years following the date on which the facility or the
2 addition to the existing facility becomes operationally complete and
3 may not be renewed. The assessor must verify and approve claims as
4 the assessor determines to be justified and in accordance with this
5 section. No claims may be filed after December 31, 2030.

6 (4) The department may adopt rules, pursuant to chapter 34.05
7 RCW, as necessary to properly administer this section.

8 (5) The exemption under this section applies only to property
9 taxes levied for the state. A local taxing district may authorize the
10 exemption under this section for any facility located within its
11 taxing jurisdiction so long as the facility meets the requirements
12 and conditions of this section.

13 (6) For the purposes of this section, the following definitions
14 apply:

15 (a) "Alternative jet fuel" has the same meaning as in RCW
16 70A.535.010.

17 (b) "Carbon dioxide equivalent" has the same meaning as in RCW
18 70A.45.010.

19 (c) "Operationally complete" means the alternative jet fuel
20 manufacturing or blending facility is capable of being used for its
21 intended purpose.

22 (7) This section expires December 31, 2043.

23 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.29A
24 RCW to read as follows:

25 (1)(a) All leasehold interests in buildings, machinery,
26 equipment, and other personal property used primarily for the
27 manufacturing or blending of alternative jet fuel, the land upon
28 which the property is located, and land that is reasonably necessary
29 in the manufacturing or blending of alternative jet fuel, but not the
30 land necessary for producing feedstocks, which together comprise a
31 new manufacturing or blending facility or an addition to an existing
32 manufacturing or blending facility, are exempt from state leasehold
33 taxes.

34 (b) For manufacturing facilities that produce products in
35 addition to alternative jet fuel, the amount of the leasehold tax
36 exemption is based on the annual percentage of the total value of all
37 products manufactured that is the value of the alternative jet fuel
38 manufactured.

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

5 (b) A claimant may be required to provide documentation to the
6 county assessor or the department that the facility has obtained a
7 carbon intensity score from the department of ecology sufficient to
8 verify the requirement under (a) of this subsection.

9 (3) Claims for exemptions authorized by this section must be
10 filed with the department on forms prescribed and furnished by the
11 department. Once filed, the exemption is valid for 10 assessment
12 years following the date on which the facility or the addition to the
13 existing facility becomes operationally complete and may not be
14 renewed. The department must verify and approve claims as the
15 department determines to be justified and in accordance with this
16 section. No claims may be filed after December 31, 2030.

17 (4) The department may adopt rules, pursuant to chapter 34.05
18 RCW, as necessary to properly administer this section.

19 (5) The exemption under this section applies only to the portion
20 of leasehold excise taxes that would otherwise be retained by the
21 state. A local taxing district may authorize the exemption under this
22 section for any facility located within its taxing jurisdiction so
23 long as the facility meets the requirements and conditions of this
24 section.

25 (6) For the purposes of this section, the following definitions
26 apply:

27 (a) "Alternative jet fuel" has the same meaning as in RCW
28 70A.535.010.

29 (b) "Carbon dioxide equivalent" has the same meaning as in RCW
30 70A.45.010.

31 (c) "Operationally complete" means the alternative jet fuel
32 manufacturing or blending facility is capable of being used for its
33 intended purpose.

34 (7) This section expires December 31, 2043.

35 NEW SECTION. **Sec. 7.** (1) This section is the tax preference
36 performance statement for the tax preferences contained in sections 3
37 through 5, chapter . . ., Laws of 2025 (sections 4 through 6 of this
38 act). This performance statement is only intended to be used for
39 subsequent evaluation of the tax preferences. It is not intended to

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

3 (2) The legislature categorizes these tax preferences as ones
4 intended to improve industry competitiveness as indicated in RCW
5 82.32.808(2)(b).

6 (3) It is the legislature's specific public policy objective to
7 encourage the production and use of alternative jet fuels. It is also
8 the legislature's intent to support the development of the
9 alternative jet fuels industry in Washington by providing targeted
10 tax relief for such businesses.

11 (4) The legislature intends to extend the expiration date of the
12 tax preferences contained in this act if a review finds:

13 (a) An increase in the production and use of alternative jet
14 fuels in Washington by persons claiming the tax preferences in this
15 act;

16 (b) That the production and use of alternative jet fuels in this
17 state does not result in additional pollution including, but not
18 limited to, pollution from per- and polyfluoroalkyl substances,
19 noxious gases, ultrafine particles, lead, or other metals; and

20 (c) That the alternative jet fuel industry has created measurable
21 economic growth in Washington.

22 (5) The review conducted by the joint legislative audit and
23 review committee must include a racial equity analysis on air travel-
24 related pollution in communities near an international airport owned
25 by a port district in a county with a population greater than
26 1,500,000.

27 (6) In order to obtain the data necessary to perform the review
28 in subsection (4) of this section, the joint legislative audit and
29 review committee may access and use data from an international
30 airport owned by a port district in a county with a population
31 greater than 1,500,000, the University of Washington, reports
32 compiled by the Washington State University pursuant to RCW
33 28B.20.545, and any other data collected by the state as it deems
34 necessary.

35 (7) The joint legislative audit and review committee must
36 complete a preliminary report by December 1, 2032.

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