S-7622.2

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SENATE BILL 6700**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 66th Legislature 2020 Regular Session**

**By** Senators Mullet, Cleveland, and Hobbs

AN ACT Relating to implementing a coordinated strategy of reducing greenhouse gas emissions and making needed investments in transportation infrastructure; adding new sections to chapter 70.94 RCW; and declaring an emergency.

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

NEW SECTION. **Sec.**  A new section is added to chapter 70.94 RCW to read as follows:

The legislature recognizes the urgent need to act on climate change. Washington state is experiencing the real world impacts of climate change on a daily basis with reduced snowpack levels, threats to infrastructure, wildfires, and changes in temperature. With a significant portion of greenhouse gas emissions coming from the transportation sector, it is the legislature's responsibility to explore ways to reduce greenhouse gas emissions and the impacts on Washingtonians. At the same time, there is also an urgent need for additional investments in the state's transportation infrastructure and for developing a climate resilient transportation network that both addresses mobility and mitigates health and environmental impacts into the future. This must include multimodal investments in transit, bike and pedestrian pathways, as well as essential road and highway maintenance, preservation, and improvement projects, including the state ferry system.

Addressing climate change and providing resources for transportation investments are not mutually exclusive, and in fact, these public policy goals are inextricably linked. It is the intent of the legislature that all these policies must work together. For this reason, the legislature finds the need to have critical additional information that will allow informed consideration of a comprehensive set of proposals to fund needed investments in transportation infrastructure and the best policies for reducing greenhouse gas emissions in the 2021 legislative session. The legislature is committed to enacting a transportation funding proposal that moves Washington forward and implements the best policies for reducing greenhouse gas emissions.

NEW SECTION. **Sec.**  A new section is added to chapter 70.94 RCW to read as follows:

(1) As part of providing additional information and analysis to allow more informed consideration of a comprehensive set of proposals to fund needed investments in transportation infrastructure and the best policies for reducing greenhouse gas emissions for consideration during the 2021 legislative session that are designed to meet the state's climate goals, the department shall conduct further review of some of these policies as specified in subsection (3) of this section.

(2) This comprehensive set of proposals considered during the 2021 legislative session may also include statutory changes to provide additional authority that was found lacking in Association of Washington Business v. Washington Department of Ecology (No. 95885-8, January 16, 2020) regarding certain regulations establishing emission standards for producers and distributors of fossil fuels.

(3) In collaboration with the office of financial management, the department must prepare a report evaluating the impacts to businesses with multiple compliance obligations and consumers, cost-benefits, and interplay with other regulatory systems and structures, from the implementation of the following types of carbon and climate emission reduction policies:

(a) A greenhouse gas emissions cap and trade program designed to achieve the state's greenhouse gas emission reduction based on a system of allowances that are tradable between covered entities, registered participants, and other related programs; and

(b) A carbon pollution fee imposed on electricity generators and natural gas utilities, and other suppliers which may include an additional proposal to impose the fee only on the transportation sector.

(4)(a) The evaluation of each of these policies must include, but is not limited to, an assessment of the following:

(i) The estimated impact on the state's overall economy based on gross state product or comparable economic measure;

(ii) The estimated impact on overall state employment, and relevant employment sectors impacted by each policy;

(iii) A preliminary review of the small business economic impacts;

(iv) Other appropriate measures of costs or cost savings attributable to each policy;

(v) The specific estimated impact on the price per gallon of gasoline and price per gallon of diesel fuel;

(vi) The impact to state gasoline and diesel fuel tax collections due to elasticity;

(vii) The impact to other state and local government revenue collections;

(viii) The total greenhouse gas emissions reductions attributable to each policy; and

(ix) The impact on air quality and associated public health implications.

(b) The evaluation must also include a review of the following issues connected to the policies specified in subsection (3)(a) and (b) of this section:

(i) How these policies are connected to any new requirements so that compliance entities can achieve emission reduction targets and comply with existing rules at the lowest compliance cost possible;

(ii) How other states and jurisdictions which have or are considering adopting greenhouse gas regulatory policies and highlight features relevant to consideration in Washington state;

(iii) An objective numerical criterion for both emissions intensity and trade exposure for the purpose of identifying emissions-intensive trade-exposed manufacturing businesses subject to regulation, incorporating, to the extent possible, approaches used by other jurisdictions with existing carbon reduction or carbon pricing programs;

(iv) Concerns related to highly impacted communities, as defined in RCW 19.405.020, including environmental and public health costs and benefits from a cap and trade program or other carbon pollution fee policies;

(v) Appropriate methods of consultation with Indian tribes on decisions that may affect Indian tribes' rights and interests;

(vi) The type and availability of in-state and out-of-state offset projects in sufficient quantity to meet demand;

(vii) The use of sequestration on a semi-permanent basis of carbon in forests, materials, agriculture, and other terrestrial and aquatic areas, and direct air carbon capture and storage as a qualified pathway for meeting an emissions obligation.

(5) The department must identify the sources of information it relied upon in the preparation of each assessment, including peer-reviewed science. The department must also follow and incorporate into its report the findings of the joint transportation committee's transportation needs and funding mechanisms assessment as identified in section 204(1), chapter 416, Laws of 2019.

(6) Before submitting the report as specified in subsection (3) of this section, the department must contract for an independent analysis of each of the assessments and associated estimates produced under subsection (4) of this section. The results of this independent analysis, including a summary of the differences between the independent analysis and the information produced by the department, must be provided as part of the report.

(7) The report prepared under this section must be submitted to the office of the governor and the relevant fiscal and policy committees of the legislature by January 1, 2021.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

**--- END ---**