S-4369.1

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**SUBSTITUTE SENATE BILL 6570**

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**State of Washington 64th Legislature 2016 Regular Session**

**By** Senate Energy, Environment & Telecommunications (originally sponsored by Senator Ericksen)

AN ACT Relating to prioritizing the expenditure of funds associated with the model toxics control act for the cleanup of toxic pollution; amending 2015 3rd sp.s. c 4 s 302 and 2015 3rd sp.s. c 3 ss 3062, 3055, and 3056 (uncodified); reenacting and amending RCW 70.105D.070; creating a new section; and declaring an emergency.

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

NEW SECTION. **Sec.**  The legislature recognizes that the declining global price of oil has resulted in a loss of revenues collected from the hazardous substance tax in Washington. It is the intent of the legislature to manage the decline in revenue to the state toxics control account, the local toxics control account, and the environmental legacy stewardship account by setting a policy that prioritizes cleanup of toxic sites, as they are a key driver of economic activity and community revitalization. The legislature finds that to achieve this policy, it is necessary to postpone the award of other projects, including grants and loans for managing storm water pollution and grants for public participation grants. It is the further intent of the legislature that the award of grants and loans to lesser priority programs shall resume upon the restoration of revenue to the state toxics control account, the local toxics control account, and the environmental legacy stewardship account.

**Sec.**  2015 3rd sp.s. c 4 s 302 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ECOLOGY**

General Fund—State Appropriation (FY 2016) ((~~$24,694,000~~))

$24,693,000

General Fund—State Appropriation (FY 2017) ((~~$24,795,000~~))

$24,771,000

General Fund—Federal Appropriation $103,800,000

General Fund—Private/Local Appropriation $22,398,000

Reclamation Account—State Appropriation $3,926,000

Flood Control Assistance Account—State Appropriation $2,068,000

State Emergency Water Projects Revolving Account—State

Appropriation $40,000

Waste Reduction/Recycling/Litter Control—State

Appropriation ((~~$13,163,000~~))

$13,173,000

State Drought Preparedness Account—State Appropriation $204,000

State and Local Improvements Revolving Account (Water

Supply Facilities)—State Appropriation $447,000

Aquatic Algae Control Account—State Appropriation $518,000

Water Rights Tracking System Account—State Appropriation $46,000

Site Closure Account—State Appropriation $578,000

Wood Stove Education and Enforcement Account—State

Appropriation $547,000

Worker and Community Right-to-Know Account—State

Appropriation $1,790,000

Water Rights Processing Account—State Appropriation $39,000

State Toxics Control Account—State Appropriation ((~~$132,643,000~~))

$117,073,000

State Toxics Control Account—Private/Local

Appropriation $499,000

Local Toxics Control Account—State Appropriation ((~~$4,628,000~~))

$3,342,000

Water Quality Permit Account—State Appropriation ((~~$41,644,000~~))

$44,101,000

Underground Storage Tank Account—State Appropriation $3,544,000

Biosolids Permit Account—State Appropriation $2,108,000

Environmental Legacy Stewardship Account—State

Appropriation ((~~$44,295,000~~))

$34,374,000

Hazardous Waste Assistance Account—State

Appropriation ((~~$6,029,000~~))

$6,040,000

Radioactive Mixed Waste Account—State Appropriation ((~~$14,900,000~~))

$15,753,000

Air Pollution Control Account—State Appropriation ((~~$3,284,000~~))

$3,984,000

Oil Spill Prevention Account—State Appropriation ((~~$8,594,000~~))

$8,605,000

Air Operating Permit Account—State Appropriation $3,231,000

Freshwater Aquatic Weeds Account—State Appropriation $1,439,000

Oil Spill Response Account—State Appropriation $7,076,000

Water Pollution Control Revolving Administration

Account—State Appropriation $579,000

Water Pollution Control Revolving Account—State

Appropriation $493,000

Water Pollution Control Revolving Account—Federal

Appropriation $2,337,000

TOTAL APPROPRIATION ~~$476,376,000~~

$453,616,000

The appropriations in this section are subject to the following conditions and limitations:

(1) $170,000 of the oil spill prevention account—state appropriation is provided solely for a contract with the University of Washington's sea grant program to continue an educational program targeted to small spills from commercial fishing vessels, ferries, cruise ships, ports, and marinas.

(2) $495,000 of the state toxics control account—state appropriation and $625,000 of the local toxics control account—state appropriation is provided solely for the expansion of the local source control program by adding additional capacity in the Columbia River basin and Clark county.

(3) $310,000 of the state toxics control account—state appropriation is provided solely for the Spokane river regional toxics task force to address elevated levels of polychlorinated biphenyls in the Spokane river.

(4) Within the amounts appropriated in this section, the department shall conduct a stakeholder process with the department of fish and wildlife to develop recommendations to restructure the fees under RCW 90.16.050 and report to the appropriate committees of the legislature by December 1, 2015.

(5) $1,044,000 of the oil spill prevention account—state appropriation is provided solely for the implementation of chapter 274, Laws of 2015 (ESHB 1449).

(6) $3,883,000 of the state toxics control account—state appropriation is provided solely for the implementation of Engrossed Second Substitute House Bill No. 1472 (chemical action plans), Second Substitute Senate Bill No. 5056 (safer chemicals/action plans), Substitute Senate Bill No. 6131 (safer chemicals), or any of these. If none of these bills are enacted by July 10, 2015, the amount provided in this subsection shall lapse.

(7) $134,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for implementation of chapter 144, Laws of 2015 (SHB 1851).

(8) $135,000 of the general fund—state appropriation for fiscal year 2016 and $135,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Walla Walla watershed management partnership to address water resource and management issues in the Walla Walla watershed.

(9)(a) $14,000,000 of the general fund—state appropriation for fiscal year 2016 and $14,000,000 of the general fund—state appropriation for fiscal year 2017 are for activities within the water resources program.

(b) Of the amounts provided in (a) of this subsection, $500,000 of the general fund—state appropriation for fiscal year 2017 is provided solely for processing water right permit applications only if the department of ecology issues at least five hundred water right decisions in fiscal year 2016. If the department of ecology does not issue at least five hundred water right decisions in fiscal year 2016, the amount provided in this subsection shall lapse and remain unexpended. Permit decisions for the Columbia river basin count toward the five hundred water rights decisions under this subsection. The department of ecology shall submit a report to the office of financial management and the state treasurer by June 30, 2016, that documents whether five hundred water right decisions were issued in fiscal year 2016. For the purposes of this subsection, applications that are voluntarily withdrawn by an applicant do not count towards the five hundred water right decision requirement. For the purposes of water budget-neutral requests under chapter 173-539A WAC, multiple domestic connections authorized within a single water budget-neutral decision are considered one decision for the purposes of this subsection.

(10) Within the amounts appropriated in this section, the department must evaluate mitigation options for domestic water use in areas of the Yakima basin for which mitigation water is unavailable and access to water from water banks is unsuitable. The department must recommend solutions for providing mitigation water for domestic use in such areas. A report of the department's findings must be provided to the legislature by December 1, 2015.

**Sec.**  2015 3rd sp.s. c 3 s 3062 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ECOLOGY**

Storm Water Financial Assistance Program (30000535)

The appropriations in this section are subject to the following conditions and limitations:

(1) The appropriations are provided solely for the storm water financial assistance program.

(2) $981,000 of the appropriation is provided solely for the Washington State University LID frontage - water quality project.

((~~Local Toxics Control Account—State~~ ~~$33,000,000~~))

State Building Construction Account—State $20,000,000

Subtotal Appropriation ((~~$53,000,000~~))

$20,000,000

Prior Biennia (Expenditures) $0

Future Biennia (Projected Costs) $280,000,000

TOTAL ~~$333,000,000~~

$300,000,000

**Sec.**  RCW 70.105D.070 and 2015 3rd sp.s. c 4 s 969 and 2015 3rd sp.s. c 3 s 7035 are each reenacted and amended to read as follows:

(1) The state toxics control account and the local toxics control account are hereby created in the state treasury.

(2)(a) Moneys collected under RCW 82.21.030 must be deposited as follows: Fifty-six percent to the state toxics control account under subsection (3) of this section and forty-four percent to the local toxics control account under subsection (4) of this section. When the cumulative amount of deposits made to the state and local toxics control accounts under this section reaches the limit during a fiscal year as established in (b) of this subsection, the remainder of the moneys collected under RCW 82.21.030 during that fiscal year must be deposited into the environmental legacy stewardship account created in RCW 70.105D.170.

(b) The limit on distributions of moneys collected under RCW 82.21.030 to the state and local toxics control accounts for the fiscal year beginning July 1, 2013, is one hundred forty million dollars.

(c) In addition to the funds required under (a) of this subsection, the following moneys must be deposited into the state toxics control account: (i) The costs of remedial actions recovered under this chapter or chapter 70.105A RCW; (ii) penalties collected or recovered under this chapter; and (iii) any other money appropriated or transferred to the account by the legislature.

(3) Moneys in the state toxics control account must be used only to carry out the purposes of this chapter, including but not limited to the following activities:

(a) The state's responsibility for hazardous waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.105 RCW;

(b) The state's responsibility for solid waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.95 RCW;

(c) The hazardous waste clean-up program required under this chapter;

(d) State matching funds required under federal cleanup law;

(e) Financial assistance for local programs in accordance with chapters 70.95, 70.95C, 70.95I, and 70.105 RCW;

(f) State government programs for the safe reduction, recycling, or disposal of paint and hazardous wastes from households, small businesses, and agriculture;

(g) Oil and hazardous materials spill prevention, preparedness, training, and response activities;

(h) Water and environmental health protection and monitoring programs;

(i) Programs authorized under chapter 70.146 RCW;

(j) A public participation program;

(k) Public funding to assist potentially liable persons to pay for the costs of remedial action in compliance with clean-up standards under RCW 70.105D.030(2)(e) but only when the amount and terms of such funding are established under a settlement agreement under RCW 70.105D.040(4) and when the director has found that the funding will achieve both: (i) A substantially more expeditious or enhanced cleanup than would otherwise occur; and (ii) the prevention or mitigation of unfair economic hardship;

(l) Development and demonstration of alternative management technologies designed to carry out the hazardous waste management priorities of RCW 70.105.150;

(m) State agriculture and health programs for the safe use, reduction, recycling, or disposal of pesticides;

(n) Storm water pollution control projects and activities that protect or preserve existing remedial actions or prevent hazardous clean-up sites;

(o) Funding requirements to maintain receipt of federal funds under the federal solid waste disposal act (42 U.S.C. Sec. 6901 et seq.);

(p) Air quality programs and actions for reducing public exposure to toxic air pollution;

(q) Public funding to assist prospective purchasers to pay for the costs of remedial action in compliance with clean-up standards under RCW 70.105D.030(2)(e) if:

(i) The facility is located within a redevelopment opportunity zone designated under RCW 70.105D.150;

(ii) The amount and terms of the funding are established under a settlement agreement under RCW 70.105D.040(5); and

(iii) The director has found the funding meets any additional criteria established in rule by the department, will achieve a substantially more expeditious or enhanced cleanup than would otherwise occur, and will provide a public benefit in addition to cleanup commensurate with the scope of the public funding;

(r) Petroleum-based plastic or expanded polystyrene foam debris cleanup activities in fresh or marine waters;

(s) Appropriations to the local toxics control account or the environmental legacy stewardship account created in RCW 70.105D.170, if the legislature determines that priorities for spending exceed available funds in those accounts;

(t) During the 2013-2015 and 2015-2017 fiscal biennia, the department of ecology's water quality, shorelands, environmental assessment, administration, and air quality programs;

(u) During the 2013-2015 fiscal biennium, actions at the state conservation commission to improve water quality for shellfish;

(v) During the 2013-2015 and 2015-2017 fiscal biennia, actions at the University of Washington for reducing ocean acidification;

(w) During the 2015-2017 fiscal biennium, for the University of Washington Tacoma soil remediation project;

(x) For the 2013-2015 fiscal biennium, moneys in the state toxics control account may be spent on projects in section 3160, chapter 19, Laws of 2013 2nd sp. sess. and for transfer to the local toxics control account;

(y) For the 2013-2015 fiscal biennium, moneys in the state toxics control account may be transferred to the radioactive mixed waste account; and

(z) For the 2015-2017 fiscal biennium, forest practices regulation at the department of natural resources.

(4)(a) The department shall use moneys deposited in the local toxics control account for grants or loans to local governments for the following purposes in descending order of priority:

(i) Extended grant agreements entered into under (e)(i) of this subsection;

(ii) Remedial actions, including planning for adaptive reuse of properties as provided for under (e)(iv) of this subsection. The department must prioritize funding of remedial actions at:

(A) Facilities on the department's hazardous sites list with a high hazard ranking for which there is an approved remedial action work plan or an equivalent document under federal cleanup law;

(B) Brownfield properties within a redevelopment opportunity zone if the local government is a prospective purchaser of the property and there is a department-approved remedial action work plan or equivalent document under the federal cleanup law;

(iii) Storm water pollution source projects that: (A) Work in conjunction with a remedial action; (B) protect completed remedial actions against recontamination; or (C) prevent hazardous clean-up sites;

(iv) Hazardous waste plans and programs under chapter 70.105 RCW;

(v) Solid waste plans and programs under chapters 70.95, 70.95C, 70.95I, and 70.105 RCW;

(vi) Petroleum-based plastic or expanded polystyrene foam debris cleanup activities in fresh or marine waters; and

(vii) Appropriations to the state toxics control account or the environmental legacy stewardship account created in RCW 70.105D.170, if the legislature determines that priorities for spending exceed available funds in those accounts.

(b) Funds for plans and programs must be allocated consistent with the priorities and matching requirements established in chapters 70.105, 70.95C, 70.95I, and 70.95 RCW.

(c) During the 2013-2015 fiscal biennium, the local toxics control account may also be used for local government storm water planning and implementation activities.

(d) During the 2013-2015 fiscal biennium, the legislature may transfer from the local toxics control account to the state general fund, such amounts as reflect the excess fund balance in the account.

(e) To expedite cleanups throughout the state, the department may use the following strategies when providing grants to local governments under this subsection:

(i) Enter into an extended grant agreement with a local government conducting remedial actions at a facility where those actions extend over multiple biennia and the total eligible cost of those actions exceeds twenty million dollars. The agreement is subject to the following limitations:

(A) The initial duration of such an agreement may not exceed ten years. The department may extend the duration of such an agreement upon finding substantial progress has been made on remedial actions at the facility;

(B) Extended grant agreements may not exceed fifty percent of the total eligible remedial action costs at the facility; and

(C) The department may not allocate future funding to an extended grant agreement unless the local government has demonstrated to the department that funds awarded under the agreement during the previous biennium have been substantially expended or contracts have been entered into to substantially expend the funds;

(ii) Enter into a grant agreement with a local government conducting a remedial action that provides for periodic reimbursement of remedial action costs as they are incurred as established in the agreement;

(iii) Enter into a grant agreement with a local government prior to it acquiring a property or obtaining necessary access to conduct remedial actions, provided the agreement is conditioned upon the local government acquiring the property or obtaining the access in accordance with a schedule specified in the agreement;

(iv) Provide integrated planning grants to local governments to fund studies necessary to facilitate remedial actions at brownfield properties and adaptive reuse of properties following remediation. Eligible activities include, but are not limited to: Environmental site assessments; remedial investigations; health assessments; feasibility studies; site planning; community involvement; land use and regulatory analyses; building and infrastructure assessments; economic and fiscal analyses; and any environmental analyses under chapter 43.21C RCW;

(v) Provide grants to local governments for remedial actions related to area-wide groundwater contamination. To receive the funding, the local government does not need to be a potentially liable person or be required to seek reimbursement of grant funds from a potentially liable person;

(vi) The director may alter grant matching requirements to create incentives for local governments to expedite cleanups when one of the following conditions exists:

(A) Funding would prevent or mitigate unfair economic hardship imposed by the clean‑up liability;

(B) Funding would create new substantial economic development, public recreational opportunities, or habitat restoration opportunities that would not otherwise occur; or

(C) Funding would create an opportunity for acquisition and redevelopment of brownfield property under RCW 70.105D.040(5) that would not otherwise occur;

(vii) When pending grant applications under (e)(iv) and (v) of this subsection (4) exceed the amount of funds available, designated redevelopment opportunity zones must receive priority for distribution of available funds.

(f) To expedite multiparty clean-up efforts, the department may purchase remedial action cost-cap insurance. For the 2013-2015 fiscal biennium, moneys in the local toxics control account may be spent on projects in sections 3024, 3035, 3036, and 3059, chapter 19, Laws of 2013 2nd sp. sess.

(5) Except for unanticipated receipts under RCW 43.79.260 through 43.79.282, moneys in the state and local toxics control accounts may be spent only after appropriation by statute.

(6) No moneys deposited into either the state or local toxics control account may be used for: Natural disasters where there is no hazardous substance contamination; high performance buildings; solid waste incinerator facility feasibility studies, construction, maintenance, or operation; or after January 1, 2010, for projects designed to address the restoration of Puget Sound, funded in a competitive grant process, that are in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310. However, this subsection does not prevent an appropriation from the state toxics control account to the department of revenue to enforce compliance with the hazardous substance tax imposed in chapter 82.21 RCW.

(7) Except during the ((~~2011-2013~~)) 2015-2017 fiscal biennium, one percent of the moneys collected under RCW 82.21.030 shall be allocated only for public participation grants to persons who may be adversely affected by a release or threatened release of a hazardous substance and to not-for-profit public interest organizations. The primary purpose of these grants is to facilitate the participation by persons and organizations in the investigation and remedying of releases or threatened releases of hazardous substances and to implement the state's solid and hazardous waste management priorities. No grant may exceed sixty thousand dollars. Grants may be renewed annually. Moneys appropriated for public participation that are not expended at the close of any biennium revert to the state toxics control account.

(8) The department shall adopt rules for grant or loan issuance and performance. To accelerate both remedial action and economic recovery, the department may expedite the adoption of rules necessary to implement chapter 1, Laws of 2013 2nd sp. sess. using the expedited procedures in RCW 34.05.353. The department shall initiate the award of financial assistance by August 1, 2013. To ensure the adoption of rules will not delay financial assistance, the department may administer the award of financial assistance through interpretive guidance pending the adoption of rules through July 1, 2014.

(9) Except as provided under subsection (3)(k) and (q) of this section, nothing in chapter 1, Laws of 2013 2nd sp. sess. affects the ability of a potentially liable person to receive public funding.

(10) During the 2015-2017 fiscal biennium the local toxics control account may also be used for the centennial clean water program and for the storm water financial assistance program administered by the department of ecology.

**Sec.**  2015 3rd sp.s. c 3 s 3055 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ECOLOGY**

Reducing Toxic Diesel Emissions (30000428)

State Toxics Control Account—State ((~~$1,000,000~~))

$500,000

Prior Biennia (Expenditures) $0

Future Biennia (Projected Costs) $8,000,000

TOTAL ~~$9,000,000~~

$8,500,000

**Sec.**  2015 3rd sp.s. c 3 s 3056 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF ECOLOGY**

Reducing Toxic Woodstove Emissions (30000429)

State Toxics Control Account—State ((~~$2,000,000~~))

$1,000,000

Prior Biennia (Expenditures) $0

Future Biennia (Projected Costs) $8,000,000

TOTAL ~~$10,000,000~~

$9,000,000

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 ---**