S-2709.1

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**SUBSTITUTE SENATE BILL 5971**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senate Transportation (originally sponsored by Senators Hobbs, Saldaña, Sheldon, Cleveland, Randall, Palumbo, Takko, Nguyen, Mullet, Liias, Lovelett, and Conway)

AN ACT Relating to transportation funding; amending RCW 82.08.020, 82.38.030, 46.68.090, 46.17.355, 46.17.350, 46.68.030, 46.17.365, 46.17.400, 46.68.455, 82.38.110, 46.20.202, 46.68.041, 46.17.323, 46.61.165, 46.63.110, 3.62.090, 2.68.040, 47.60.315, 46.25.100, 46.25.052, 46.25.060, and 82.38.310; reenacting and amending RCW 43.84.092; adding a new section to chapter 19.--- RCW; adding a new section to chapter 36.73 RCW; adding a new section to chapter 46.01 RCW; adding new sections to chapter 46.68 RCW; adding a new section to chapter 47.46 RCW; adding a new chapter to Title 82 RCW; creating a new section; repealing RCW 47.46.190 and 47.46.200; repealing 2018 c 195 s 3; prescribing penalties; providing an effective date; providing a contingent effective date; and declaring an emergency.

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

**Part I**

**Carbon Pollution Fee**

NEW SECTION. **Sec.**  DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Aircraft fuel" has the same meaning as provided in RCW 82.42.010.

(2) "Asset controlling supplier" means any entity that owns or operates interconnected electricity generating facilities or serves as an exclusive marketer for these facilities even though it does not own them, and is assigned a supplier-specific identification number and system emission factor by the department of ecology, in consultation with the department of commerce, for the wholesale electricity procured from its system and sold into Washington.

(3) "Carbon calculation" means a calculation made by the department of ecology, in consultation with the department of commerce, for purposes of determining the carbon dioxide emissions from the complete combustion or oxidation of fossil fuels and, for each specified source, the carbon dioxide emissions in electricity for use in calculating the carbon pollution fee pursuant to section 102 of this act.

(4) "Carbon dioxide emissions content inherent in electricity" means the carbon dioxide generated by the production of electricity from fossil fuels.

(5) "Carbon dioxide equivalent" means a metric measure used to compare the emissions from various greenhouse gases based on their global warming potential.

(6) "Carbon pollution fee" means the fee created in section 102 of this act.

(7) "Coal" means a readily combustible rock of carbonaceous material, including anthracite coal, bituminous coal, subbituminous coal, lignite, waste coal, syncoal, and coke of any kind.

(8) "Direct access electricity customer" means a person who purchases electricity for consumption from any seller other than a seller registered with the department for purposes of paying taxes due under chapter 82.04 or 82.16 RCW.

(9) "Direct access gas customer" means a person who purchases natural gas for consumption from any seller other than a seller registered with the department for purposes of paying taxes due under chapter 82.04 or 82.16 RCW.

(10) "Direct service industrial customer" has the same meaning as provided in RCW 82.16.0495.

(11) "Energy-intensive trade-exposed sectors" and "EITE sectors" mean:

(a) Those sectors identified under "EITE covered party" in WAC 173-442-020(1)(m) as of April 22, 2017; and

(b) Other sectors the department of commerce designates that have, on average across all facilities belonging to the sector in the state, both a greater energy intensity of production and a greater trade share of goods than the corresponding averages for any other EITE sector.

(12) "Facility" means any physical property, plant, building, structure, source, or stationary equipment located on one or more contiguous or adjacent properties in actual physical contact or separated solely by a public roadway or other public right-of-way and under common ownership or common control, that emits or may emit any greenhouse gas.

(13) "Fossil fuel" means motor vehicle fuel, special fuel, dyed special fuel, aircraft fuel, natural gas, coal, and any form of solid, liquid, or gaseous fuel derived from natural gas, coal, petroleum, or crude oil, including without limitation still gas, propane, and petroleum residuals including bunker fuel.

(14) "Gas distribution business" has the same meaning as provided in RCW 82.16.010.

(15) "Greenhouse gas" means carbon dioxide (CO2), methane (CH4), nitrogen trifluoride (NF3), nitrous oxide (N2O), sulfur hexafluoride (SF6), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and other fluorinated greenhouse gases.

(16) "Light and power business" has the same meaning as provided in RCW 82.16.010.

(17) "Motor vehicle fuel" has the same meaning as provided in RCW 82.38.020.

(18) "Natural gas" means naturally occurring mixtures of hydrocarbon gases and vapors consisting principally of methane, whether in gaseous or liquid form, including methane clathrate.

(19) "Person" has the same meaning as provided in RCW 82.04.030.

(20) "Sale" has the same meaning as provided in RCW 82.04.040.

(21) "Special fuel" has the same meaning as provided in RCW 82.38.020.

(22) "Specified source" means an electrical generation facility serving Washington customers in which the person subject to the fee under this section directly or indirectly has full or partial ownership in the facility or unit or is party to a written contract or other agreement to procure electricity generated by that facility.

(23) "Tribal lands" has the same meaning as "Indian country" as provided in 18 U.S.C. Sec. 1151, and also includes sacred sites, traditional cultural properties, burial grounds and other tribal sites protected by federal or state law.

(24) "Unspecified source" means electricity from a source other than a specified source.

(25)(a) "Use," "used," "using," or "put to use" means, with respect to any fossil fuel other than natural gas, the consumption in this state of the fossil fuel by the person subject to the fee under this section or the possession or storage in this state of the fossil fuel by the person subject to the fee under this section preparatory to subsequent consumption of the fossil fuel within this state by the person subject to the fee under this section.

(b) "Use," "used," "using," or "put to use" means, with respect to natural gas, the consumption in this state of the fossil fuel by the person subject to the fee under this section.

(c) For purposes of this subsection (25), "possession" means the control of fossil fuel located within this state and includes either actual and/or constructive possession. "Actual possession" occurs when the person with control has physical possession. "Constructive possession" occurs when the person with control does not have physical possession. "Control" means the power to sell or use a fossil fuel or to authorize the sale or use by another.

(26) "Western interconnection" means the area comprising those states and provinces, or portions thereof, in western Canada, northern Mexico, and the western United States in which members of the western electricity coordinating council, or any successor thereto, operate synchronously connected transmission systems.

(27) "Year" means the twelve-month period commencing January 1st and ending December 31st unless otherwise specified.

NEW SECTION. **Sec.**  CARBON POLLUTION FEE. (1)(a) Beginning July 1, 2020, a carbon pollution fee is imposed on:

(i) The sale or use within this state of all fossil fuels, except fossil fuels used to generate electricity in the state; or

(ii) The generation within or import for consumption to this state of electricity generated through the combustion of fossil fuels.

(b) The carbon pollution fee is calculated by measuring the carbon dioxide emissions:

(i) Resulting from the complete combustion or oxidation of fossil fuels sold or used by the person subject to the fee under this section within this state; or

(ii) Inherent in electricity generated within or imported for consumption to this state.

(c)(i) Except as provided in (c)(ii) of this subsection, the carbon pollution fee is equal to fifteen dollars per metric ton of carbon dioxide.

(ii) For a light and power business, gas distribution business, and asset controlling supplier, the carbon pollution fee on the sale or use of fossil fuels, or the generation within or import for consumption to this state of electricity generated through the combustion of fossil fuels, is equal to ten dollars per metric ton of carbon dioxide.

(2) For the purposes of this chapter, the carbon pollution fee is charged:

(a) Only once with respect to the same unit of fossil fuel or electric energy;

(b) At the time and place of the first sale, use, or consumption within this state, except as otherwise provided in this section, occurring on or after the effective date of this section, regardless of whether the fossil fuel or electricity was previously sold, used, or consumed within this state before the effective date of this section; and

(c) Upon the first person subject to the fee under this section within this state, except as otherwise provided in this section. A person subject to the fee under this section is:

(i) A person required to be registered with the department under RCW 82.32.030(1);

(ii) The state, its political subdivisions, and municipal corporations; and

(iii) A person who maintains a place of business in this state but who is not required to be registered with the department under RCW 82.32.030(1).

(3) As provided in this section, the carbon pollution fee on the sale or use of fossil fuels is charged to the seller or user of the fossil fuel.

(4) The carbon pollution fee on the sale or use of natural gas is charged as follows:

(a) Natural gas transported through the state that is not produced or delivered in the state is exempt from the carbon pollution fee charged by this section. Natural gas possessed or stored in this state is exempt from the carbon pollution fee charged by this section unless charged under (b), (c), or (d) of this subsection;

(b) For natural gas sold by a gas distribution business to a retail customer in the state, the carbon pollution fee is charged on the gas distribution business upon the sale of such natural gas to the retail customer;

(c) For natural gas sold to a light and power business for the purpose of generation of electricity in the state, the carbon pollution fee is charged on the light and power business as provided for in subsection (5)(a) of this section; and

(d) For natural gas sold to a direct access gas customer in the state, the carbon pollution fee is charged on the direct access gas customer upon the consumption of such natural gas by the direct access gas customer.

(5) The carbon pollution fee on the generation or import of electricity for consumption in this state is charged as follows:

(a) For electricity produced in the state, the carbon pollution fee is charged on the person required to be registered with the department for purposes of paying taxes due under chapter 82.04 or 82.16 RCW that owns or operates the electrical generation facility producing the electricity; and

(b) For electricity produced outside the state and imported for consumption in the state, the carbon pollution fee is charged on the first person that imports or delivers such electricity to or within the state.

(6) For motor vehicle fuel and special fuel, the carbon pollution fee is charged to the seller or user of the fuel at the points of taxation specified in RCW 82.38.030(10).

(7)(a) The carbon pollution fee does not apply to the sale or use of fossil fuels or consumption of electricity upon which the fee under this chapter has been charged.

(b) A sale of fossil fuel takes place in this state when the fossil fuel is delivered in this state to the purchaser or a person designated by the purchaser, notwithstanding any contract terms designating a location outside of this state as the place of sale.

(c) All taxable sales within this state of a fossil fuel or electricity must document the amount of carbon pollution fee paid in accordance with rules adopted by the department.

(d) The carbon pollution fee liability charged to a person consistent with (a) and (b) of this subsection may be assumed by a light and power business when it purchases electricity if the light and power business meets the following requirements:

(i) A light and power business must apply to the utilities and transportation commission, in a manner and form acceptable to the commission, for approval to assume liability for the carbon pollution fee pursuant to this subsection (7)(d).

(ii) Upon approval of an application pursuant to (d)(i) of this subsection, the commission must issue a certificate or other documentation, as prescribed by the department, authorizing the light and power business to assume liability for the carbon pollution fee pursuant to this subsection (7)(d).

(iii) A light and power business that elects to assume liability for the carbon pollution fee as authorized under this subsection (7)(d) must present the certificate or documentation issued pursuant to (d)(ii) of this subsection to a person selling electricity to the light and power business. Acceptance of the certificate or documentation presented by a light and power business under this subsection (7)(d) relieves that person from paying the carbon pollution fee due on such a sale. Acceptance of the certificate or documentation may not be unreasonably withheld. The person selling electricity must keep a copy of the certificate or documentation in its records pursuant to RCW 82.32.070. If the light and power business does not elect to assume the carbon pollution fee, the carbon pollution fee charged on the sale of electricity is charged pursuant to (a) or (b) of this subsection, as applicable.

(8) For purposes of determining the carbon pollution fee due under this chapter:

(a) The department must use the carbon calculation for all fossil fuels sold or used within the state or inherent in electricity generated or imported for consumption within this state;

(b) For fossil fuels, the department of ecology, in consultation with the department of commerce, must adopt by rule criteria for making the carbon calculation;

(c) For the import of electricity sourced from an asset controlling supplier, including the Bonneville power administration and others as approved by the department of ecology, the department of ecology must calculate and publish on its web site no later than December 1st of each year the system emissions factors for each asset controlling supplier for the previous calendar year. Such system emissions factors must be used to determine the carbon tax associated with power sourced from asset controlling supplier systems for the upcoming calendar year. Asset controlling suppliers are considered specified sources of electricity;

(d) For the generation or import of electricity from an unspecified source, the carbon dioxide inherent in that electricity is equal to the default emission factor adopted by the department of ecology, in consultation with the department of commerce, in a manner consistent with the default emission factors for electricity established for other markets in the western interconnection, or, if the department of ecology has not adopted a default emission factor by rule, 0.437 metric tons of carbon dioxide per megawatt-hour;

(e) For the generation or import of electricity from a specified source, the carbon dioxide inherent in that electricity must be based on the carbon calculation for that source established by the department of ecology. The department of ecology, in consultation with the department of commerce, must adopt by rule criteria for making the carbon calculation for specified sources; and

(f) The department of ecology may require additional information to existing reporting programs as necessary, in consultation with the department of commerce, for determining the carbon calculation under this chapter.

(9) For persons subject to the fee under this section who are also subject to any of the taxes imposed under chapter 82.04, 82.08, 82.12, or 82.16 RCW, the frequency of reporting and payment of the carbon pollution fee must, to the extent practicable, coincide with the person's reporting periods for the taxes imposed under chapter 82.04, 82.08, 82.12, or 82.16 RCW.

(10) The department must develop and make available worksheets, tax tables, and guidance documents it deems necessary to calculate the carbon dioxide emissions of fossil fuels or the carbon dioxide emissions inherent in electricity.

(11) All receipts from the carbon pollution fee under this section must be deposited to the forward Washington account created in section 801 of this act.

NEW SECTION. **Sec.**  EXEMPTIONS. (1) The carbon pollution fee does not apply to:

(a) Fossil fuels brought into this state by means of the primary fuel supply tank of a motor vehicle, vessel, locomotive, or aircraft, actively supplying fuel for combustion upon entry into the state, and any electricity generated by such fossil fuels;

(b) Fossil fuels or electricity that the state is prohibited from taxing under the state Constitution or the Constitution or laws of the United States;

(c)(i) Fossil fuels or electricity exported from this state. Export from this state includes electricity transmitted through the state that is not produced or consumed in the state including, but not limited to, imports of electricity that are netted by exports of electricity with a comparable carbon content by the same entity within or for the same hour. Export to Indian country located within the boundaries of this state is not considered export from this state. For purposes of this subsection, "Indian country" has the same meaning as provided in RCW 37.12.160.

(ii) An exporter of fossil fuels or electricity upon which another person previously paid the carbon pollution fee is entitled to a credit or refund of the fee paid, if the exporter can establish to the department's satisfaction that the fee under this chapter was previously paid on the exported fossil fuels or electricity. The person who paid the carbon pollution fee is not entitled to an exemption under this subsection (1)(c) when any other person is entitled to a refund or credit under this subsection (1)(c)(ii). For purposes of this subsection, "exporter" means a person who exports fossil fuels or electricity from this state;

(d) The sale or use of coal transition power as defined in RCW 80.80.010;

(e) Diesel fuel, biodiesel fuel, or aircraft fuel when these fuels are used solely for agricultural purposes by a farm fuel user, as those terms are defined in RCW 82.08.865;

(f) Biogas, which includes renewable liquid natural gas or liquid compressed natural gas made from biogas, landfill gas, biodiesel, renewable diesel, and cellulosic ethanol;

(g) Aircraft fuel as defined in RCW 82.42.010;

(h) Facilities that manufacture equipment used to generate electricity from eligible renewable resources as defined in RCW 19.285.030(21) or facilities that produce components or materials used exclusively to manufacture eligible renewable resources;

(i) The portion of fossil fuels purchased in the state and combusted outside the state by interstate motor carriers and vessels used primarily in interstate or foreign commerce. The department must provide a methodology by rule to apportion fossil fuels consumed inside the state of Washington by interstate motor carriers and vessels used primarily in interstate or foreign commerce;

(j) Activities or property of Indian tribes and individual Indians that are exempt from state taxation as a matter of federal law or state law, whether by statute, rule, or compact. For motor vehicle fuel or special fuel sold on tribal lands, the fee may be included in any agreements under RCW 82.38.310; and

(k) Fossil fuels used for transporting logs as described in RCW 82.16.010(5).

(2)(a) For any electricity and fossil fuels subject to the carbon pollution fee charged by section 102 of this act that are also subject to a comparable carbon pollution tax, fee, or other charge on carbon content imposed by another jurisdiction, including the federal government or allowances required to be purchased by another jurisdiction, the entity may take a credit against the fee charged under this chapter by the amount of the comparable pollution tax, fee, or other charge paid to the other jurisdiction up to the amount of the fee owed under this chapter, provided that the person subject to the fee under this section claiming the credit provides evidence acceptable to the department that the equivalent fee has been paid.

(b) For the purposes of this section, a comparable carbon pollution tax, fee, or other charge means a tax, fee, or other charge that is not generally imposed on other activities or privileges that is:

(i) Imposed on:

(A) The sale, use, possession, transfer, or consumption of fossil fuels; or

(B) The sale, consumption, or generation of electricity produced through the combustion of fossil fuels; and

(ii) Measured in terms of greenhouse gas emissions by the greenhouse gas emissions resulting from the complete combustion or oxidation of such fossil fuels or by the greenhouse gases inherent in such electricity.

(3)(a) The carbon pollution fee charged in section 102 of this act does not apply to fossil fuels and electricity sold to or used on-site by facilities with a primary activity that falls into an energy-intensive trade-exposed sector, including any facility primarily supporting one or more facilities falling into one or more energy-intensive trade-exposed sectors such as administrative, engineering, or other office facilities, after the department of commerce has validated a facility's designation within such sector or its supporting facility status in an energy-intensive trade-exposed sector. The fossil fuel exemption does not apply to fossil fuels used for generation of electricity which is not used on site by the facility.

(b) The department of commerce must establish objective numerical criteria for both energy intensity and trade exposure for the purpose of identifying energy-intensive trade-exposed sectors. The criteria must take into consideration approaches used by other jurisdictions with existing carbon reduction or carbon pricing programs, and the impact of the carbon pollution fee on manufacturing activity, including manufacturers with a 2017 North American industry classification system code 31-33 as developed by the office of management and budget. A manufacturing business that can demonstrate to the department of commerce that its facility or facilities meet the criteria must be issued a certificate denoting energy-intensive trade-exposed exempt status for the purpose of exempting appropriate on-site manufacturing processes. Exempt status may be extended to any facility primarily supporting one or more facilities qualifying for energy-intensive trade-exposed exempt status such as administrative, engineering, or other office facilities.

(c) Notwithstanding the criteria established in (b) of this subsection, the department must issue a certificate denoting energy-intensive trade-exposed exempt status to:

(i) Any facility engaged in an activity described in RCW 82.04.260(12); or

(ii) A facility primarily engaged in an activity encompassed within any of the following North American industry classification system codes (2017):

212230: Copper, nickel, lead, and zinc mining;

311411: Frozen fruit, juice, and vegetable manufacturing;

311423: Dried and dehydrated food manufacturing;

311611: Animal (except poultry) slaughtering;

322110: Pulp mills;

321113: Sawmills;

321212: Softwood veneer and plywood manufacturing;

321213: Engineered wood products;

322110: Pulp mills;

322121: Paper (except newsprint) mills;

322122: Newsprint mills;

322130: Paperboard mills;

325188: All other basic inorganic chemical manufacturing;

325199: All other basic organic chemical manufacturing;

325311: Nitrogenous fertilizer manufacturing;

327211: Flat glass manufacturing;

327213: Glass container manufacturing;

327310: Cement manufacturing;

327410: Lime manufacturing;

327420: Gypsum product manufacturing;

327992: Ultra high purity silicon manufacturing;

331111: Iron and steel mills;

331312: Primary aluminum production;

331314: Secondary smelting and alloying of aluminum;

331315: Aluminum sheet, plate, and foil manufacturing;

331318: Other aluminum rolling, drawing, and extruding;

331419: Primary smelting and refining of nonferrous metal (except copper and aluminum);

334413: Semiconductor and related device manufacturing;

336411: Aircraft manufacturing;

336412: Aircraft engine and engine parts manufacturing;

336413: Other aircraft parts and auxiliary equipment manufacturing;

336414: Guided missile and space vehicle manufacturing;

336415: Guided missile and space vehicle propulsion unit and propulsion unit parts manufacturing; and

336419: Other guided missile and space vehicle parts and auxiliary equipment manufacturing.

(d)(i) To qualify for an exemption under this subsection (3) for a specific facility, a person must apply to the department in the form and manner required by the department. If a person has more than one potentially exempt facility, that person must submit a separate application for each facility. The department may consult with the department of commerce and can take whatever steps it deems necessary to determine eligibility under this subsection (3), including requesting additional information from the applicant or an on-site visit to the facility to observe its operations.

(ii) If a person qualifies for an exemption for more than one facility, the department must issue an exemption certificate for each exempt facility. An exemption certificate issued under this subsection (3) must include the name of the person operating the facility, the physical location of the facility, and the activities that qualify the facility for an exemption.

(e)(i) The department may rescind an exemption certificate issued under this subsection (3) if it determines that the facility does not meet the qualifications for an exemption under this subsection (3). The department must notify the certificate holder of its decision to rescind an exemption certificate.

(ii) A person receiving an exemption under this subsection (3) based on a certificate issued in error must immediately repay to the department the exempted amounts plus interest as provided in chapter 82.32 RCW. No penalties apply if amounts assessed by the department under this subsection (3)(e)(ii) are paid in full by the date due.

(4)(a) A person is entitled to a refund or credit of the carbon pollution fee included in the price of fossil fuels or electricity purchased by the person if:

(i) An exemption under this chapter applies to the person or the person's use or disposition of the fossil fuel or electricity;

(ii) The person can establish to the department's satisfaction that the fee under this chapter was previously paid on the fossil fuel or electricity; and

(iii) The person submits an application to the department in a form and manner required by the department within four years after the calendar year in which the person paid the carbon pollution fees for which the refund or credit is sought.

(b) A person is not entitled to a refund or credit of the carbon pollution fee under this section if any subsequent purchaser of the fossil fuel or electricity is entitled to a refund or credit of that fee under this subsection.

(c) Refunds or credits under this subsection are not subject to interest.

(d) For purposes of this subsection (4), "person" means any purchaser or consumer of fossil fuel or electricity who indirectly paid the carbon pollution fee included in the price of the fossil fuel or electricity.

NEW SECTION. **Sec.**  RULE MAKING AND OTHER ADMINISTRATIVE AUTHORITY. (1) The provisions of chapter 82.32 RCW apply to this chapter.

(2) The department and department of ecology may adopt rules as they deem necessary to administer this chapter. The department of commerce may adopt rules as it deems necessary to administer section 103 of this act.

(3) The department of commerce must convene a stakeholder work group to examine the efficient and consistent integration of carbon pricing in electricity markets within the state and transactions with markets outside the state, including the market operated by the California independent system operator. To assist in its examination of the issues identified in this subsection, as well as any other issues pertinent to its review, the work group must, at a minimum, consist of light and power businesses, gas distribution businesses, the Bonneville power administration, and other agencies. The work group must prepare a report to the legislature of its findings and recommendations to improve the carbon transparency and market liquidity in electricity markets and submit the report, in compliance with RCW 43.01.036, by no later than December 1, 2021. The department and the department of ecology must provide necessary data and other support to the department of commerce.

(4) By December 31, 2026, the department of revenue, supported by the departments of commerce and ecology must review the energy-intensive trade-exposed process under section 103 of this act, including its effectiveness in controlling leakage and minimizing any unnecessary exemptions from the fee under this chapter, merits of alternative exemption structures such as production-based incentives, and the scope of industries within the energy-intensive trade-exposed designation.

(5) The department of commerce must provide information on its web site regarding the impacts of the carbon pollution fee under this chapter on the price of electricity, natural gas, and vehicle fuels by sector.

NEW SECTION. **Sec.**  TECHNICAL ASSISTANCE. Upon request of the department, the department of commerce, the department of ecology, and the Washington State University extension energy program must provide technical assistance to the department as may be necessary for the department to effectively administer this chapter.

NEW SECTION. **Sec.**  PREEMPTION. (1) The carbon pollution fee levied in section 102 of this act is in lieu of any carbon fee upon the sale or use within this state of all fossil fuels, including fossil fuels used in generating electricity and the retail sale or consumption within this state of electricity generated through the combustion of fossil fuels. No city, town, county, township, or other subdivision or municipal corporation of the state may levy or collect any comparable carbon tax, fee, or other charge upon the sale or use within this state of all fossil fuels, including fossil fuels used in generating electricity and the retail sale or consumption within this state of electricity generated through the combustion of fossil fuels.

(2) No city, town, county, township, or other subdivision or municipal corporation of the state may levy any tax, fee, or other charge of any kind whatsoever on amounts received by any person with respect to a carbon pollution fee liability charged under the provisions of the carbon pollution fee act. This restriction is not imposed upon federally recognized Indian tribes and this section places no restriction on the ability of such tribes to institute a comparable tribal tax, fee, or other charge within tribal lands.

NEW SECTION. **Sec.**  A new section is added to chapter 19.--- RCW (the new chapter created in section 26, chapter . . ., Laws of 2019 (Substitute Senate Bill No. 5116)) to read as follows:

An electric utility may deduct from the amount of the administrative penalty under RCW 19.---.--- (section 8, chapter . . ., Laws of 2019 (Substitute Senate Bill No. 5116)) any carbon pollution fee under section 102 of this act that is also imposed on the sale, use, or consumption of electricity subject to the administrative penalty.

**Part II**

**Sales and Use Taxes on Car Rentals, Automobile Parts, and Bicycles**

**Sec.**  RCW 82.08.020 and 2014 c 140 s 12 are each amended to read as follows:

(1) There is levied and collected a tax equal to six and five-tenths percent of the selling price on each retail sale in this state of:

(a) Tangible personal property, unless the sale is specifically excluded from the RCW 82.04.050 definition of retail sale;

(b) Digital goods, digital codes, and digital automated services, if the sale is included within the RCW 82.04.050 definition of retail sale;

(c) Services, other than digital automated services, included within the RCW 82.04.050 definition of retail sale;

(d) Extended warranties to consumers; and

(e) Anything else, the sale of which is included within the RCW 82.04.050 definition of retail sale.

(2) There is levied and collected an additional tax on each retail car rental, regardless of whether the vehicle is licensed in this state, equal to ((~~five~~)) six and nine-tenths percent of the selling price. Fourteen and one-half percent of the revenues collected under this subsection must be deposited into the forward flexible account created in section 802 of this act and the remainder of the revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.

(3)(a) Beginning July 1, 2003, there is levied and collected an additional tax of three-tenths of one percent of the selling price on each retail sale of a motor vehicle in this state, other than retail car rentals taxed under subsection (2) of this section. The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.

((~~(4)~~)) (b) For purposes of this subsection (3) ((~~of this section~~)), "motor vehicle" has the meaning provided in RCW 46.04.320, but does not include:

((~~(a)~~)) (i) Farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is for use in the production of marijuana;

((~~(b)~~)) (ii) Off-road vehicles as defined in RCW 46.04.365;

((~~(c)~~)) (iii) Nonhighway vehicles as defined in RCW 46.09.310; and

((~~(d)~~)) (iv) Snowmobiles as defined in RCW 46.04.546.

(4)(a) Beginning July 1, 2019, there is levied and collected an additional tax equal to one percent of the selling price on each retail sale in this state of automobile parts and accessories. All revenues collected under this subsection must be deposited into the forward flexible account created in section 802 of this act.

(b) Beginning July 1, 2019, there is levied and collected an additional tax equal to one percent of the selling price on each retail sale in this state of bicycles. All revenues collected under this subsection must be deposited into the forward flexible account created in section 802 of this act.

(c) The definitions in this subsection apply throughout this subsection (4) unless the context clearly requires otherwise.

(i) "Automobile parts and accessories" means any tangible personal property primarily used to improve, repair, replace, or serve as a component part of a motor vehicle, as defined in RCW 46.04.320. "Automobile parts and accessories" includes any tangible personal property designed to be attached to or used in connection with a motor vehicle to add to its utility or ornamentation, regardless of whether the tangible personal property is essential to the motor vehicles operation or use.

(ii) "Bicycle" has the same meaning as provided in RCW 46.04.071.

(5) Beginning on December 8, 2005, 0.16 percent of the taxes collected under subsection (1) of this section must be dedicated to funding comprehensive performance audits required under RCW 43.09.470. The revenue identified in this subsection must be deposited in the performance audits of government account created in RCW 43.09.475.

(6) The taxes imposed under this chapter apply to successive retail sales of the same property.

(7) The rates provided in this section apply to taxes imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

**Part III**

**Special Transportation Benefit Assessment**

NEW SECTION. **Sec.**  A new section is added to chapter 36.73 RCW to read as follows:

(1) A statewide annual special transportation benefit assessment is imposed on developed parcels for the purposes of mitigating the impacts of growth on state transportation infrastructure throughout the state. The amount of the transportation benefit assessment is the increase in assessed value for the parcel resulting from new construction multiplied by the applicable rate:

(a) For residential developed parcels the rate is two dollars per thousand dollars of assessed value resulting from new construction;

(b) For manufacturing developed parcels the rate is one dollar per thousand dollars of assessed value resulting from new construction; and

(c) For all other developed parcels not otherwise described in (a) or (b) of this subsection (1), the rate is four dollars per thousand dollars of assessed value resulting from new construction.

(2) Parcels that are classified as designated forestland under chapter 84.33 RCW or designated agriculture land or timberland under chapter 84.34 RCW are exempt from the transportation benefit assessment imposed in this section.

(3) To determine the appropriate designation of the parcel for purposes of applying the rate under subsection (1) of this section, county assessors may use land use codes or data collected from parcel investigations, or both, obtained in their normal course of business with respect to administering property taxes. The amount of the transportation benefit assessment constitutes a lien against the property. The assessment is subject to the same provisions as those for property tax collections, as provided in RCW 84.56.020 and must be collected by the county treasurer under the authority in RCW 84.56.035. The transportation benefit assessment fee must be collected concurrently with property taxes levied for collection in calendar year 2020 and thereafter.

(4) All revenues generated under this section must be transferred to the state treasurer to be deposited into the forward flexible account created in section 802 of this act.

(5) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Developed parcel" means any parcel altered from the natural state by the construction, creation, or addition of structures or other impervious surfaces.

(b) "Land use code" means restrictions on the type of development for a specific parcel of land as identified by records maintained by the assessor or supplemented by information resulting from investigation and generally conforming with the department of revenue's two-digit land use codes in WAC 458-53-030.

(c) "Manufacturing developed parcel" means any developed parcel used for manufacturing purposes.

(d) "Parcel" means the smallest separately segregated unit or plot of land having an identified owner, boundaries, and surface area that is documented for property tax purposes and given a tax lot number by the assessor.

(e) "Residence" means a building or structure or portion thereof, designed for and used to provide a place of abode for human beings. "Residence" includes "residential" or "residential unit" as referring to the type of or intended use of a building or structure.

(f) "Residential parcel" means any developed parcel that contains no more than four residences or four residential units within a single structure and used primarily for residential purposes.

**Part IV**

**Motor Vehicle Fuel Taxes**

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

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

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

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

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

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

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

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

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

(9) Beginning July 1, 2019, an additional and cumulative tax rate of six cents per gallon of fuel is imposed on fuel licensees.

(10) Taxes are imposed when:

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

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

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

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

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

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

(ii) The entry is not by bulk transfer;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) Accident experience;

(B) Fatal accident experience;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) The remaining net tax amount collected under RCW 82.38.030(9) must be distributed to the forward Washington account created in section 801 of this act.

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

**Part V**

**Passenger Vehicle Registration Fees, Passenger Weight Fees, Light Duty Truck Weight Fees, Freight Project Fees, International Fuel Tax Agreement Decal Fees, Trip Permit Fees, Motor Home Weight Fees**

**Sec.**  RCW 46.17.355 and 2015 3rd sp.s. c 44 s 201 are each amended to read as follows:

(1)(a) For vehicle registrations that are due or become due before July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director ((~~shall~~)) must require the applicant, unless specifically exempt, to pay the following license fee by weight:

| WEIGHT | SCHEDULE A | SCHEDULE B |
| --- | --- | --- |
| 4,000 pounds | $ 38.00 | $ 38.00 |
| 6,000 pounds | $ 48.00 | $ 48.00 |
| 8,000 pounds | $ 58.00 | $ 58.00 |
| 10,000 pounds | $ 60.00 | $ 60.00 |
| 12,000 pounds | $ 77.00 | $ 77.00 |
| 14,000 pounds | $ 88.00 | $ 88.00 |
| 16,000 pounds | $ 100.00 | $ 100.00 |
| 18,000 pounds | $ 152.00 | $ 152.00 |
| 20,000 pounds | $ 169.00 | $ 169.00 |
| 22,000 pounds | $ 183.00 | $ 183.00 |
| 24,000 pounds | $ 198.00 | $ 198.00 |
| 26,000 pounds | $ 209.00 | $ 209.00 |
| 28,000 pounds | $ 247.00 | $ 247.00 |
| 30,000 pounds | $ 285.00 | $ 285.00 |
| 32,000 pounds | $ 344.00 | $ 344.00 |
| 34,000 pounds | $ 366.00 | $ 366.00 |
| 36,000 pounds | $ 397.00 | $ 397.00 |
| 38,000 pounds | $ 436.00 | $ 436.00 |
| 40,000 pounds | $ 499.00 | $ 499.00 |
| 42,000 pounds | $ 519.00 | $ 609.00 |
| 44,000 pounds | $ 530.00 | $ 620.00 |
| 46,000 pounds | $ 570.00 | $ 660.00 |
| 48,000 pounds | $ 594.00 | $ 684.00 |
| 50,000 pounds | $ 645.00 | $ 735.00 |
| 52,000 pounds | $ 678.00 | $ 768.00 |
| 54,000 pounds | $ 732.00 | $ 822.00 |
| 56,000 pounds | $ 773.00 | $ 863.00 |
| 58,000 pounds | $ 804.00 | $ 894.00 |
| 60,000 pounds | $ 857.00 | $ 947.00 |
| 62,000 pounds | $ 919.00 | $ 1,009.00 |
| 64,000 pounds | $ 939.00 | $ 1,029.00 |
| 66,000 pounds | $ 1,046.00 | $ 1,136.00 |
| 68,000 pounds | $ 1,091.00 | $ 1,181.00 |
| 70,000 pounds | $ 1,175.00 | $ 1,265.00 |
| 72,000 pounds | $ 1,257.00 | $ 1,347.00 |
| 74,000 pounds | $ 1,366.00 | $ 1,456.00 |
| 76,000 pounds | $ 1,476.00 | $ 1,566.00 |
| 78,000 pounds | $ 1,612.00 | $ 1,702.00 |
| 80,000 pounds | $ 1,740.00 | $ 1,830.00 |
| 82,000 pounds | $ 1,861.00 | $ 1,951.00 |
| 84,000 pounds | $ 1,981.00 | $ 2,071.00 |
| 86,000 pounds | $ 2,102.00 | $ 2,192.00 |
| 88,000 pounds | $ 2,223.00 | $ 2,313.00 |
| 90,000 pounds | $ 2,344.00 | $ 2,434.00 |
| 92,000 pounds | $ 2,464.00 | $ 2,554.00 |
| 94,000 pounds | $ 2,585.00 | $ 2,675.00 |
| 96,000 pounds | $ 2,706.00 | $ 2,796.00 |
| 98,000 pounds | $ 2,827.00 | $ 2,917.00 |
| 100,000 pounds | $ 2,947.00 | $ 3,037.00 |
| 102,000 pounds | $ 3,068.00 | $ 3,158.00 |
| 104,000 pounds | $ 3,189.00 | $ 3,279.00 |
| 105,500 pounds | $ 3,310.00 | $ 3,400.00 |

(b) For vehicle registrations that are due or become due on or after July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director ((~~shall~~)) must require the applicant, unless specifically exempt, to pay the following license fee by weight:

| WEIGHT | SCHEDULE A | SCHEDULE B |
| --- | --- | --- |
| 4,000 pounds | $ 53.00 | $ 53.00 |
| 6,000 pounds | $ 73.00 | $ 73.00 |
| 8,000 pounds | $ 93.00 | $ 93.00 |
| 10,000 pounds | $ 93.00 | $ 93.00 |
| 12,000 pounds | $ 81.00 | $ 81.00 |
| 14,000 pounds | $ 88.00 | $ 88.00 |
| 16,000 pounds | $ 100.00 | $ 100.00 |
| 18,000 pounds | $ 152.00 | $ 152.00 |
| 20,000 pounds | $ 169.00 | $ 169.00 |
| 22,000 pounds | $ 183.00 | $ 183.00 |
| 24,000 pounds | $ 198.00 | $ 198.00 |
| 26,000 pounds | $ 209.00 | $ 209.00 |
| 28,000 pounds | $ 247.00 | $ 247.00 |
| 30,000 pounds | $ 285.00 | $ 285.00 |
| 32,000 pounds | $ 344.00 | $ 344.00 |
| 34,000 pounds | $ 366.00 | $ 366.00 |
| 36,000 pounds | $ 397.00 | $ 397.00 |
| 38,000 pounds | $ 436.00 | $ 436.00 |
| 40,000 pounds | $ 499.00 | $ 499.00 |
| 42,000 pounds | $ 519.00 | $ 609.00 |
| 44,000 pounds | $ 530.00 | $ 620.00 |
| 46,000 pounds | $ 570.00 | $ 660.00 |
| 48,000 pounds | $ 594.00 | $ 684.00 |
| 50,000 pounds | $ 645.00 | $ 735.00 |
| 52,000 pounds | $ 678.00 | $ 768.00 |
| 54,000 pounds | $ 732.00 | $ 822.00 |
| 56,000 pounds | $ 773.00 | $ 863.00 |
| 58,000 pounds | $ 804.00 | $ 894.00 |
| 60,000 pounds | $ 857.00 | $ 947.00 |
| 62,000 pounds | $ 919.00 | $ 1,009.00 |
| 64,000 pounds | $ 939.00 | $ 1,029.00 |
| 66,000 pounds | $ 1,046.00 | $ 1,136.00 |
| 68,000 pounds | $ 1,091.00 | $ 1,181.00 |
| 70,000 pounds | $ 1,175.00 | $ 1,265.00 |
| 72,000 pounds | $ 1,257.00 | $ 1,347.00 |
| 74,000 pounds | $ 1,366.00 | $ 1,456.00 |
| 76,000 pounds | $ 1,476.00 | $ 1,566.00 |
| 78,000 pounds | $ 1,612.00 | $ 1,702.00 |
| 80,000 pounds | $ 1,740.00 | $ 1,830.00 |
| 82,000 pounds | $ 1,861.00 | $ 1,951.00 |
| 84,000 pounds | $ 1,981.00 | $ 2,071.00 |
| 86,000 pounds | $ 2,102.00 | $ 2,192.00 |
| 88,000 pounds | $ 2,223.00 | $ 2,313.00 |
| 90,000 pounds | $ 2,344.00 | $ 2,434.00 |
| 92,000 pounds | $ 2,464.00 | $ 2,554.00 |
| 94,000 pounds | $ 2,585.00 | $ 2,675.00 |
| 96,000 pounds | $ 2,706.00 | $ 2,796.00 |
| 98,000 pounds | $ 2,827.00 | $ 2,917.00 |
| 100,000 pounds | $ 2,947.00 | $ 3,037.00 |
| 102,000 pounds | $ 3,068.00 | $ 3,158.00 |
| 104,000 pounds | $ 3,189.00 | $ 3,279.00 |
| 105,500 pounds | $ 3,310.00 | $ 3,400.00 |

(2) Schedule A applies to vehicles either used exclusively for hauling logs or that do not tow trailers. Schedule B applies to vehicles that tow trailers and are not covered under Schedule A.

(3) If the resultant gross weight is not listed in the table provided in subsection (1) of this section, it must be increased to the next higher weight.

(4) The license fees provided in subsection (1) of this section and the freight project fee provided in subsection (6) of this section are in addition to the filing fee required under RCW 46.17.005 and any other fee or tax required by law.

(5) The license fee based on declared gross weight as provided in subsection (1) of this section must be distributed under RCW 46.68.035.

(6) For vehicle registrations that are due or become due on or after July 1, 2016, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of more than 10,000 pounds, unless specifically exempt, to pay a freight project fee equal to fifteen percent of the license fee provided in subsection (1) of this section, rounded to the nearest whole dollar, which must be distributed under RCW 46.68.035.

(7)(a) For vehicle registrations that are due or become due on or after July 1, 2019, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section and the freight project fee as provided in subsection (6) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of more than 10,000 pounds, unless specifically exempt, to pay a freight project fee equal to ten percent of the license fee provided in subsection (1) of this section, rounded to the nearest whole dollar.

(b) Beginning July 1, 2021, and on July 1st of each subsequent biennium until the 2029-2031 biennium, if chapter . . ., Laws of 2019 (Senate Bill No. 5830) is enacted by June 30, 2019, the freight project fee imposed under this subsection must be increased by an additional three percent each biennium.

(c) All proceeds from the freight project fee imposed pursuant to this subsection (7) must be deposited in the forward Washington account created in section 801 of this act.

(8) For vehicle registrations that are due or become due on or after July 1, ((~~2022~~)) 2019, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of less than or equal to 12,000 pounds, unless specifically exempt, to pay an additional weight fee of ten dollars, which ((~~must be distributed under RCW 46.68.035~~)) until June 30, 2022, must be deposited in the forward Washington account created in section 801 of this act and must be distributed under RCW 46.68.035 after June 30, 2022.

(9) For vehicle registrations that are due or become due on or after July 1, 2019, in addition to the license fee based on declared gross weight as provided in subsections (1) and (8) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of less than or equal to 12,000 pounds, unless specifically exempt, to pay an additional weight fee of ten dollars, which must be deposited in the forward Washington account created in section 801 of this act.

**Sec.**  RCW 46.17.350 and 2014 c 30 s 2 are each amended to read as follows:

(1) Before accepting an application for a vehicle registration, the department, county auditor or other agent, or subagent appointed by the director ((~~shall~~)) must require the applicant, unless specifically exempt, to pay the following vehicle license fee by vehicle type:

| VEHICLE TYPE | INITIAL FEE | RENEWAL FEE | DISTRIBUTED UNDER |
| --- | --- | --- | --- |
| (a) Auto stage, six seats or less | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (b) Camper | $ 4.90 | $ 3.50 | RCW 46.68.030 |
| (c) Commercial trailer | $ 34.00 | $ 30.00 | RCW 46.68.035 |
| (d) For hire vehicle, six seats or less | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (e) Mobile home (if registered) | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (f) Moped | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (g) Motor home | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (h) Motorcycle | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (i) Off-road vehicle | $ 18.00 | $ 18.00 | RCW 46.68.045 |
| (j) Passenger car | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (k) Private use single-axle trailer | $ 15.00 | $ 15.00 | RCW 46.68.035 |
| (l) Snowmobile | $ 50.00 | $ 50.00 | RCW 46.68.350 |
| (m) Snowmobile, vintage | $ 12.00 | $ 12.00 | RCW 46.68.350 |
| (n) Sport utility vehicle | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (o) Tow truck | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (p) Trailer, over 2000 pounds | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (q) Travel trailer | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (r) Wheeled all-terrain vehicle, on-road use | $ 12.00 | $ 12.00 | RCW 46.09.540 |
| (s) Wheeled all-terrain vehicle, off-road use | $ 18.00 | $ 18.00 | RCW 46.09.510 |

(2) For a vehicle paying the vehicle license fee by vehicle type under RCW 46.17.350(1) (a), (c), (d), (e), (g), (h), (j), (k), (n), (o), (p), and (q), before accepting an application for a vehicle registration, the department, county auditor or other agent, or subagent appointed by the director must require the applicant, unless specifically exempt, to pay an additional five dollar vehicle license fee.

(3) The vehicle license fee required in subsections (1) and (2) of this section is in addition to the filing fee required under RCW 46.17.005, and any other fee or tax required by law.

**Sec.**  RCW 46.68.030 and 2017 c 313 s 706 are each amended to read as follows:

(1) The director ((~~shall~~)) must forward all fees for vehicle registrations under chapters 46.16A and 46.17 RCW, unless otherwise specified by law, to the state treasurer with a proper identifying detailed report. The state treasurer ((~~shall~~)) must credit these moneys to the motor vehicle fund created in RCW 46.68.070.

(2) Proceeds from vehicle license fees and renewal vehicle license fees must be deposited by the state treasurer as follows:

(a) $23.60 of each initial or renewal vehicle license fee must be deposited in the state patrol highway account in the motor vehicle fund, hereby created. Vehicle license fees, renewal vehicle license fees, and all other funds in the state patrol highway account must be for the sole use of the Washington state patrol for highway activities of the Washington state patrol, subject to proper appropriations and reappropriations.

(b) $2.02 of each initial vehicle license fee and $0.93 of each renewal vehicle license fee must be deposited each biennium in the Puget Sound ferry operations account.

(c) Any remaining amounts of vehicle license fees and renewal vehicle license fees that are not distributed otherwise under this section must be deposited in the motor vehicle fund.

(3) During the 2015-2017 fiscal biennium, the legislature may transfer from the state patrol highway account to the connecting Washington account such amounts as reflect the excess fund balance of the state patrol highway account.

(4) During the 2017-2019 fiscal biennium, the legislature may direct the state treasurer to make transfers of moneys in the state patrol highway account to the connecting Washington account.

(5) Proceeds from the additional five dollar vehicle license fee imposed under RCW 46.17.350(2) must be deposited in the forward Washington account created in section 801 of this act.

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

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

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

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

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

(iii) Must be distributed under RCW 46.68.415.

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

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

| WEIGHT | FEE |
| --- | --- |
| 4,000 pounds | $ 25.00 |
| 6,000 pounds | $ 45.00 |
| 8,000 pounds | $ 65.00 |
| 16,000 pounds and over | $ 72.00; |

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

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

(A) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(B) Any state or local agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

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

(2) A person applying for a motor home vehicle registration ((~~shall~~)) must, in lieu of the motor vehicle weight fee required in subsection (1) of this section, pay a motor home vehicle weight fee of ((~~seventy-five~~)) one hundred dollars in addition to all other fees and taxes required by law. ((~~The motor home vehicle weight fee~~)) Twenty-five dollars of the motor home vehicle weight fee must be deposited in the forward flexible account created in section 802 of this act, and the remainder must be distributed under RCW 46.68.415.

(3) ((~~Beginning July 1, 2022~~)) For vehicle registrations that are due or become due on or after July 1, 2019, in addition to the motor vehicle weight fee as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant to pay an additional weight fee of ten dollars, which until June 30, 2022, must be deposited in the forward flexible account created in section 802 of this act and after June 30, 2022, must be distributed to the multimodal transportation account under RCW 47.66.070 unless ((~~prior to July 1, 2023,~~)) the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the ((~~connecting Washington account created under RCW 46.68.395~~)) forward Washington account created under section 801 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state or local agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

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

(4) For vehicle registrations that are due or become due on or after July 1, 2019, in addition to the motor vehicle weight fee as provided in subsections (1) and (3) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant to pay an additional weight fee of ten dollars, which must be deposited in the forward flexible account created in section 802 of this act, unless the actions described in subsection (3)(a) or (b) of this section occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the forward Washington account created under section 801 of this act.

(5) The department ((~~shall~~)) must:

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

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

**Sec.**  RCW 46.17.400 and 2011 c 171 s 62 are each amended to read as follows:

(1) Before accepting an application for one of the following permits, the department, county auditor or other agent, or subagent appointed by the director ((~~shall~~)) must require the applicant to pay the following permit fee by permit type in addition to any other fee or tax required by law:

| PERMIT TYPE | FEE | |  | AUTHORITY | DISTRIBUTION |
| --- | --- | --- | --- | --- | --- |
| (a) Dealer temporary | $ | 15.00 |  | RCW 46.16A.300 | RCW 46.68.030 |
| (b) Department temporary | $ | .50 |  | RCW 46.16A.305 | RCW 46.68.450 |
| (c) Farm vehicle trip | $ | 6.25 |  | RCW 46.16A.330 | RCW 46.68.035 |
| (d) Nonresident military | $ | 10.00 |  | RCW 46.16A.340 | RCW 46.68.070 |
| (e) Nonresident temporary snowmobile | $ | 5.00 |  | RCW 46.10.450 | RCW 46.68.350 |
| (f) Special fuel trip | $ | 30.00 |  | RCW 82.38.100 | RCW 46.68.460 |
| (g) Temporary ORV use | $ | 7.00 |  | RCW 46.09.430 | RCW 46.68.045 |
| (h) Vehicle trip | (($ | ~~25.00~~))  45.00 |  | RCW 46.16A.320 | RCW 46.68.455 |

(2) Permit fees as provided in subsection (1) of this section are in addition to the filing fee required under RCW 46.17.005, except an additional filing fee may not be charged for:

(a) Dealer temporary permits;

(b) Special fuel trip permits; and

(c) Vehicle trip permits.

(3) Five dollars of the fifteen dollar dealer temporary permit fee provided in subsection (1)(a) of this section must be credited to the payment of vehicle license fees at the time application for registration is made. The remainder must be deposited to the state patrol highway account created in RCW 46.68.030.

**Sec.**  RCW 46.68.455 and 2011 c 171 s 89 are each amended to read as follows:

(1) The vehicle trip permit fee imposed under RCW 46.17.400(1)(h) must be distributed as follows:

((~~(1)~~)) (a) Five dollars to the state patrol highway account for commercial motor vehicle inspections;

((~~(2)~~)) (b) Five dollars to the motor vehicle fund created in RCW 46.68.070 to be distributed as follows:

((~~(a)~~)) (i) If paid by motor carriers, to be used for supporting vehicle weigh stations, weigh-in-motion programs, and the commercial vehicle information systems and networks programs; and

((~~(b)~~)) (ii) If paid by a person other than a motor carrier, to be used for supporting congestion relief programs;

((~~(3)~~)) (c) A one dollar excise tax to the state general fund;

((~~(4)~~)) (d) The amount of the filing fee imposed under RCW 46.17.005(1) to be credited as required under RCW 46.68.400; ((~~and~~

~~(5)~~)) (e) Twenty dollars to the forward Washington account created in section 801 of this act; and

(f) The remainder to the credit of the motor vehicle fund created in RCW 46.68.070 as an administrative fee.

(2) The administrative fee must be increased or decreased in an equal amount if the amount of the filing fee imposed under RCW 46.17.005(1) increases or decreases, so that the total trip permit fee is adjusted equally to compensate.

**Sec.**  RCW 82.38.110 and 2013 c 225 s 113 are each amended to read as follows:

(1) Application for a license must be made to the department. The application must be filed in a manner prescribed by the department and must contain information the department requires. For purposes of this section, the term "applicant" has the same meaning as "person" as provided in RCW 82.38.020.

(2) An application for a license other than an application for a dyed special fuel user or international fuel tax agreement license must contain the following information to the extent it applies to the applicant:

(a) Proof the department may require concerning the applicant's identity;

(b) The applicant's business structure and place of business, including proof the applicant is licensed to conduct business in this state;

(c) The employment history of the applicant and partner, officer, or director;

(d) A bank reference and whether the applicant or partner, officer, or director has ever been adjudged bankrupt or has an unsatisfied judgment;

(e) Whether the applicant or partner, officer, or director has been convicted of a crime or suffered a civil judgment directly related to the distribution and sale of fuel within the last ten years.

(3) An applicant must identify each state, province, or country the applicant intends to import fuel from by means other than bulk transfer and must maintain the appropriate license required of each state, province, or country.

(4) An applicant must identify each state, province, or country the applicant intends to export fuel to by means other than bulk transfer and must maintain the appropriate license required of each state, province, or country.

(5) An applicant for a fuel supplier or terminal operator license must have the appropriate federal certificate of registry issued by the internal revenue service for the activity in which the applicant is engaging.

(6) An applicant must submit a surety bond in an amount, form, and manner set by the department. In lieu of a bond, a licensed distributor may provide evidence to the department of sufficient assets to adequately meet fuel tax payments, penalties, interest, or other obligations arising out of this chapter.

(7) An application for a dyed special fuel user license must be made in a manner prescribed by the department.

(8) An application for an international fuel tax agreement license must be made in a manner prescribed by the department. A fee of ((~~ten dollars~~)) thirty-two dollars and fifty cents per set of international fuel tax agreement decals issued to each applicant or licensee must be charged. Of this amount, twenty-two dollars and fifty cents must be deposited into the forward Washington account created in section 801 of this act.

(9) For the purpose of considering any application for a license, the department may inspect, cause an inspection, investigate, or cause an investigation of the records of this or any other state, Canadian province, country, or the federal government to ascertain the veracity of the information on the application and the applicant's criminal, civil, and licensing history.

**Part VI**

**Enhanced Driver's License Fees, Electric Vehicle Fees, For-Hire Vehicle Fees**

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

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

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

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

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

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

(d) The requirements of this subsection are in addition to the requirements otherwise imposed on applicants for a driver's license or identicard. The department ((~~shall~~)) must adopt such rules as necessary to meet the requirements of this subsection. From time to time the department ((~~shall~~)) must review technological innovations related to the security of identity cards and amend the rules related to enhanced driver's licenses and identicards as the director deems consistent with this section and appropriate to protect the privacy of Washington state residents.

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

(4) Beginning on July 23, 2017, and until September 30, 2020, the fee for an enhanced driver's license or enhanced identicard is twenty-four dollars, which is in addition to the fees for any regular driver's license or identicard. Beginning October 1, 2020, the fee for an enhanced driver's license or enhanced identicard is fifty-four dollars, which is in addition to the fees for any regular driver's license or identicard. Beginning July 23, 2017, and until September 30, 2020, if the enhanced driver's license or enhanced identicard is issued, renewed, or extended for a period other than six years, the fee for each class is four dollars for each year that the enhanced driver's license or enhanced identicard is issued, renewed, or extended. Beginning October 1, 2020, if the enhanced driver's license or enhanced identicard is issued, renewed, or extended for a period less than six years, the fee for each class is nine dollars for each year that the enhanced driver's license or enhanced identicard is issued, renewed, or extended.

(5)(a) The first twenty-four dollars of the enhanced driver's license and enhanced identicard fee under this section must be deposited into the highway safety fund unless ((~~prior to July 1, 2023,~~)) the actions described in (a)(i) or ((~~(b)~~)) (ii) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 209, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the ((~~connecting Washington account created under RCW 46.68.395~~)) forward Washington account created under section 801 of this act.

((~~(a)~~)) (i) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

((~~(b)~~)) (ii) Any state or local agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

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

(b) Thirty dollars of the enhanced driver's license and enhanced identicard fee under this section must be deposited into the forward flexible account created in section 802 of this act unless the actions described in (a)(i) or (ii) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the forward Washington account created under section 801 of this act.

**Sec.**  RCW 46.68.041 and 2004 c 95 s 15 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section and RCW 46.20.202(5), the department ((~~shall~~)) must forward all funds accruing under the provisions of chapter 46.20 RCW together with a proper identifying, detailed report to the state treasurer who ((~~shall~~)) must deposit such moneys to the credit of the highway safety fund.

(2) Sixty-three percent of each fee collected by the department under RCW 46.20.311 (1)(e)(ii), (2)(b)(ii), and (3)(b) ((~~shall~~)) must be deposited in the impaired driving safety account.

**Sec.**  RCW 46.17.323 and 2015 3rd sp.s. c 44 s 203 are each amended to read as follows:

(1) Before accepting an application for an annual vehicle registration renewal for a vehicle that both (a) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (b) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a one hundred dollar fee in addition to any other fees and taxes required by law. The one hundred dollar fee is due only at the time of annual registration renewal.

(2) This section only applies to a vehicle that is designed to have the capability to drive at a speed of more than thirty-five miles per hour.

(3)(a) The fee under this section is imposed to provide funds to mitigate the impact of vehicles on state roads and highways and for the purpose of evaluating the feasibility of transitioning from a revenue collection system based on fuel taxes to a road user assessment system, and is separate and distinct from other vehicle license fees. Proceeds from the fee must be used for highway purposes, and must be deposited in the motor vehicle fund created in RCW 46.68.070, subject to (b) of this subsection.

(b) If in any year the amount of proceeds from the fee collected under this section exceeds one million dollars, the excess amount over one million dollars must be deposited as follows:

(i) Seventy percent to the motor vehicle fund created in RCW 46.68.070;

(ii) Fifteen percent to the transportation improvement account created in RCW 47.26.084; and

(iii) Fifteen percent to the rural arterial trust account created in RCW 36.79.020.

(4)(a) In addition to the fee established in subsection (1) of this section, before accepting an application for an annual vehicle registration renewal for a vehicle that both (i) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (ii) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a fifty dollar fee.

(b) The fee required under (a) of this subsection must be distributed as follows:

(i) The first one million dollars raised by the fee must be deposited into the multimodal transportation account created in RCW 47.66.070; and

(ii) Any remaining amounts must be deposited into the motor vehicle fund created in RCW 46.68.070.

(5)(a) In addition to the fee established in subsections (1) and (4) of this section, before accepting an application for an annual vehicle registration renewal for a vehicle that both (i) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (ii) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a one hundred fifty dollar fee.

(b) The fee required under (a) of this subsection must be deposited into the forward Washington account created in section 801 of this act.

(6)(a) Before accepting an application for an annual vehicle registration renewal for a vehicle that uses at least one method of propulsion that is capable of being reenergized by an external source of electricity but is not capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a fifty dollar hybrid vehicle fee.

(b) Vehicles paying the fees specified in subsections (1), (4), and (5) of this section are exempt from this additional hybrid vehicle fee.

(c) The fee required under (a) of this subsection must be deposited into the forward Washington account created in section 801 of this act.

(7) This section applies to annual vehicle registration renewals until the effective date of enacted legislation that imposes a vehicle miles traveled fee or tax.

NEW SECTION. **Sec.**  A new section is added to chapter 46.01 RCW to read as follows:

(1) Beginning July 1, 2019, the department must charge a fifty cent per trip fee on prearranged and nonprearranged rides by for-hire vehicles operating in the state of Washington.

(2) The director must adopt rules to implement this section. The rules may include, but are not limited to, the:

(a) Administration, enforcement, and collection of the fee in the most efficient manner deemed by the director;

(b) Imposition of audit requirements to ensure compliance;

(c) Establishment of penalties on drivers and companies for noncompliance; and

(d) Implementation of cooperative arrangements with cities, counties, or port districts for the collection and remittance of this fee.

(3) All revenues generated under this section must be deposited into the forward flexible account created in section 802 of this act. Of the amount deposited pursuant to this subsection, twenty percent shall be used to enhance department of transportation, public transportation division programs as follows:

(a) Fifty percent must be for funding the special needs transportation grant program; and

(b) Fifty percent must be for funding the transit coordination grant program.

(4) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "For-hire vehicle" means vehicles used for the transportation of passengers for compensation including, taxicab transportation services provided under chapter 46.72 or 81.72 RCW, or a transportation network company driver providing prearranged trips through a digital network. The term excludes auto stages, school buses operating exclusively under a contract to a school district, ride-sharing vehicles under chapter 46.74 RCW, limousine carriers licensed under chapter 46.72A RCW, vehicles used by nonprofit transportation providers for elderly or persons with disabilities and their attendants under chapter 81.66 RCW, vehicles used by auto transportation companies licensed under chapter 81.68 RCW, vehicles used to provide courtesy transportation at no charge to and from parking lots, hotels, and rental offices, and vehicles used by charter party carriers of passengers and excursion service carriers licensed under chapter 81.70 RCW.

(b) "Transportation network company" means a corporation, partnership, sole proprietorship, or other entity that is operating in Washington state and uses a digital network to connect transportation network company riders to transportation network company drivers who provide prearranged rides.

(c) "Transportation network company driver" means an individual who:

(i) Receives connections to potential transportation network company riders and related services from a transportation network company; and

(ii) Uses a transportation network company vehicle to offer or provide a prearranged ride to transportation network company riders upon connection through a digital network controlled by a transportation network company in exchange for compensation or payment of a fee.

**Part VII**

**High Occupancy Vehicle Lane and Toll Violation Provisions and Capital Vessel Surcharge**

**Sec.**  RCW 46.61.165 and 2013 c 26 s 2 are each amended to read as follows:

(1) The state department of transportation and the local authorities are authorized to reserve all or any portion of any highway under their respective jurisdictions, including any designated lane or ramp, for the exclusive or preferential use of one or more of the following: (a) Public transportation vehicles; (b) motorcycles; (c) private motor vehicles carrying no fewer than a specified number of passengers; or (d) the following private transportation provider vehicles if the vehicle has the capacity to carry eight or more passengers, regardless of the number of passengers in the vehicle, and if such use does not interfere with the efficiency, reliability, and safety of public transportation operations: (i) Auto transportation company vehicles regulated under chapter 81.68 RCW; (ii) passenger charter carrier vehicles regulated under chapter 81.70 RCW, except marked or unmarked stretch limousines and stretch sport utility vehicles as defined under department of licensing rules; (iii) private nonprofit transportation provider vehicles regulated under chapter 81.66 RCW; and (iv) private employer transportation service vehicles, when such limitation will increase the efficient utilization of the highway or will aid in the conservation of energy resources.

(2) Any transit-only lanes that allow other vehicles to access abutting businesses that are authorized pursuant to subsection (1) of this section may not be authorized for the use of private transportation provider vehicles as described under subsection (1) of this section.

(3) The state department of transportation and the local authorities authorized to reserve all or any portion of any highway under their respective jurisdictions, for exclusive or preferential use, may prohibit the use of a high occupancy vehicle lane by the following private transportation provider vehicles: (a) Auto transportation company vehicles regulated under chapter 81.68 RCW; (b) passenger charter carrier vehicles regulated under chapter 81.70 RCW, and marked or unmarked limousines and stretch sport utility vehicles as defined under department of licensing rules; (c) private nonprofit transportation provider vehicles regulated under chapter 81.66 RCW; and (d) private employer transportation service vehicles, when the average transit speed in the high occupancy vehicle lane fails to meet department of transportation standards and falls below forty-five miles per hour at least ninety percent of the time during the peak hours, as determined by the department of transportation or the local authority, whichever operates the facility.

(4) Regulations authorizing such exclusive or preferential use of a highway facility may be declared to be effective at all times or at specified times of day or on specified days. Violation of a restriction of highway usage prescribed by the appropriate authority under this section is a traffic infraction. A person found to have committed a traffic infraction under this section is also subject to a separate monetary penalty as defined in RCW 46.63.110(11). The additional monetary penalty is separate from the base penalty and assessments issued for the traffic infraction and is intended to raise awareness and improve the efficiency of the high occupancy vehicle lane system.

(5) Local authorities are encouraged to establish a process for private transportation providers, as described under subsections (1) and (3) of this section, to apply for the use of public transportation facilities reserved for the exclusive or preferential use of public transportation vehicles. The application and review processes should be uniform and should provide for an expeditious response by the local authority. Whenever practicable, local authorities should enter into agreements with such private transportation providers to allow for the reasonable use of these facilities.

(6) For the purposes of this section, "private employer transportation service" means regularly scheduled, fixed-route transportation service that is similarly marked or identified to display the business name or logo on the driver and passenger sides of the vehicle, meets the annual certification requirements of the department of transportation, and is offered by an employer for the benefit of its employees.

**Sec.**  RCW 46.63.110 and 2012 c 82 s 1 are each amended to read as follows:

(1) A person found to have committed a traffic infraction ((~~shall~~)) must be assessed a monetary penalty. No penalty may exceed two hundred and fifty dollars for each offense unless authorized by this chapter or title.

(2) The monetary penalty for a violation of (a) RCW 46.55.105(2) is two hundred fifty dollars for each offense; (b) RCW 46.61.210(1) is five hundred dollars for each offense. No penalty assessed under this subsection (2) may be reduced.

(3) The supreme court ((~~shall~~)) must prescribe by rule a schedule of monetary penalties for designated traffic infractions. This rule ((~~shall~~)) must also specify the conditions under which local courts may exercise discretion in assessing fines and penalties for traffic infractions. The legislature respectfully requests the supreme court to adjust this schedule every two years for inflation.

(4) There ((~~shall be~~)) is a penalty of twenty-five dollars for failure to respond to a notice of traffic infraction except where the infraction relates to parking as defined by local law, ordinance, regulation, or resolution or failure to pay a monetary penalty imposed pursuant to this chapter. A local legislative body may set a monetary penalty not to exceed twenty-five dollars for failure to respond to a notice of traffic infraction relating to parking as defined by local law, ordinance, regulation, or resolution. The local court, whether a municipal, police, or district court, ((~~shall~~)) must impose the monetary penalty set by the local legislative body.

(5) Monetary penalties provided for in chapter 46.70 RCW ((~~which~~)) that are civil in nature and penalties ((~~which~~)) that may be assessed for violations of chapter 46.44 RCW relating to size, weight, and load of motor vehicles are not subject to the limitation on the amount of monetary penalties ((~~which~~)) that may be imposed pursuant to this chapter.

(6) Whenever a monetary penalty, fee, cost, assessment, or other monetary obligation is imposed by a court under this chapter, it is immediately payable and is enforceable as a civil judgment under Title 6 RCW. If the court determines, in its discretion, that a person is not able to pay a monetary obligation in full, and not more than one year has passed since the later of July 1, 2005, or the date the monetary obligation initially became due and payable, the court ((~~shall~~)) must enter into a payment plan with the person, unless the person has previously been granted a payment plan with respect to the same monetary obligation, or unless the person is in noncompliance of any existing or prior payment plan, in which case the court may, at its discretion, implement a payment plan. If the court has notified the department that the person has failed to pay or comply and the person has subsequently entered into a payment plan and made an initial payment, the court ((~~shall~~)) must notify the department that the infraction has been adjudicated, and the department ((~~shall~~)) must rescind any suspension of the person's driver's license or driver's privilege based on failure to respond to that infraction. "Payment plan," as used in this section, means a plan that requires reasonable payments based on the financial ability of the person to pay. The person may voluntarily pay an amount at any time in addition to the payments required under the payment plan.

(a) If a payment required to be made under the payment plan is delinquent or the person fails to complete a community restitution program on or before the time established under the payment plan, unless the court determines good cause therefor and adjusts the payment plan or the community restitution plan accordingly, the court may refer the unpaid monetary penalty, fee, cost, assessment, or other monetary obligation for civil enforcement until all monetary obligations, including those imposed under subsections (3) and (4) of this section, have been paid, and court authorized community restitution has been completed, or until the court has entered into a new time payment or community restitution agreement with the person. For those infractions subject to suspension under RCW 46.20.289, the court ((~~shall~~)) must notify the department of the person's failure to meet the conditions of the plan, and the department ((~~shall~~)) must suspend the person's driver's license or driving privileges.

(b) If a person has not entered into a payment plan with the court and has not paid the monetary obligation in full on or before the time established for payment, the court may refer the unpaid monetary penalty, fee, cost, assessment, or other monetary obligation to a collections agency until all monetary obligations have been paid, including those imposed under subsections (3) and (4) of this section, or until the person has entered into a payment plan under this section. For those infractions subject to suspension under RCW 46.20.289, the court ((~~shall~~)) must notify the department of the person's delinquency, and the department ((~~shall~~)) must suspend the person's driver's license or driving privileges.

(c) If the payment plan is to be administered by the court, the court may assess the person a reasonable administrative fee to be wholly retained by the city or county with jurisdiction. The administrative fee ((~~shall~~)) may not exceed ten dollars per infraction or twenty-five dollars per payment plan, whichever is less.

(d) Nothing in this section precludes a court from contracting with outside entities to administer its payment plan system. When outside entities are used for the administration of a payment plan, the court may assess the person a reasonable fee for such administrative services, which fee may be calculated on a periodic, percentage, or other basis.

(e) If a court authorized community restitution program for offenders is available in the jurisdiction, the court may allow conversion of all or part of the monetary obligations due under this section to court authorized community restitution in lieu of time payments if the person is unable to make reasonable time payments.

(7) In addition to any other penalties imposed under this section and not subject to the limitation of subsection (1) of this section, a person found to have committed a traffic infraction ((~~shall~~)) must be assessed:

(a) A fee of five dollars per infraction. Under no circumstances ((~~shall~~)) may this fee be reduced or waived. Revenue from this fee ((~~shall~~)) must be forwarded to the state treasurer for deposit in the emergency medical services and trauma care system trust account under RCW 70.168.040;

(b) A fee of ten dollars per infraction. Under no circumstances ((~~shall~~)) may this fee be reduced or waived. Revenue from this fee ((~~shall~~)) must be forwarded to the state treasurer for deposit in the Washington auto theft prevention authority account; and

(c) A fee of two dollars per infraction. Revenue from this fee ((~~shall~~)) must be forwarded to the state treasurer for deposit in the traumatic brain injury account established in RCW 74.31.060.

(8)(a) In addition to any other penalties imposed under this section and not subject to the limitation of subsection (1) of this section, a person found to have committed a traffic infraction other than of RCW 46.61.527 or 46.61.212 ((~~shall~~)) must be assessed an additional penalty of twenty dollars. The court may not reduce, waive, or suspend the additional penalty unless the court finds the offender to be indigent. If a court authorized community restitution program for offenders is available in the jurisdiction, the court ((~~shall~~)) must allow offenders to offset all or a part of the penalty due under this subsection (8) by participation in the court authorized community restitution program.

(b) Eight dollars and fifty cents of the additional penalty under (a) of this subsection ((~~shall~~)) must be remitted to the state treasurer. The remaining revenue from the additional penalty must be remitted under chapters 2.08, 3.46, 3.50, 3.62, 10.82, and 35.20 RCW. Money remitted under this subsection to the state treasurer must be deposited in the state general fund. The balance of the revenue received by the county or city treasurer under this subsection must be deposited into the county or city current expense fund. Moneys retained by the city or county under this subsection ((~~shall~~)) constitute reimbursement for any liabilities under RCW 43.135.060.

(9) If a legal proceeding, such as garnishment, has commenced to collect any delinquent amount owed by the person for any penalty imposed by the court under this section, the court may, at its discretion, enter into a payment plan.

(10) The monetary penalty for violating RCW 46.37.395 is: (a) Two hundred fifty dollars for the first violation; (b) five hundred dollars for the second violation; and (c) seven hundred fifty dollars for each violation thereafter.

(11)(a) Whenever a person commits a traffic infraction as provided in RCW 46.61.165(4), an additional monetary penalty must be collected as follows:

(i) One hundred seventy-five dollars for the first offense;

(ii) Two hundred fifty dollars for the second offense; and

(iii) Three hundred fifty dollars for the third and subsequent offenses.

(b) The monetary penalty under this subsection (11) is an additional, separate, and distinct penalty from the base penalty and is not subject to the assessments provided in this section and under RCW 3.62.090 and 2.68.040. The monetary penalty under this subsection (11) must be deposited into the forward flexible account created in section 802 of this act. The monetary penalty under this subsection (11) may not be waived or reduced by the court.

**Sec.**  RCW 3.62.090 and 2004 c 15 s 5 are each amended to read as follows:

(1) There ((~~shall be~~)) is assessed and collected in addition to any fines, forfeitures, or penalties assessed, other than for parking infractions, by all courts organized under Title 3 or 35 RCW a public safety and education assessment equal to seventy percent of such fines, forfeitures, or penalties, which ((~~shall~~)) must be remitted as provided in chapters 3.46, 3.50, 3.62, and 35.20 RCW. The assessment required by this section ((~~shall~~)) may not be suspended or waived by the court.

(2) There ((~~shall be~~)) is assessed and collected in addition to any fines, forfeitures, or penalties assessed, other than for parking infractions and for fines levied under RCW 46.61.5055, and in addition to the public safety and education assessment required under subsection (1) of this section, by all courts organized under Title 3 or 35 RCW, an additional public safety and education assessment equal to fifty percent of the public safety and education assessment required under subsection (1) of this section, which ((~~shall~~)) must be remitted to the state treasurer and deposited as provided in RCW 43.08.250. The additional assessment required by this subsection ((~~shall~~)) may not be suspended or waived by the court.

(3) This section does not apply to:

(a) The fee imposed under RCW 46.63.110(7)((~~,~~));

(b) The penalty imposed under RCW 46.63.110(8)((~~, or~~));

(c) The penalty assessment imposed under RCW 10.99.080; or

(d) The additional monetary penalty under RCW 46.63.110(11).

**Sec.**  RCW 2.68.040 and 1994 c 8 s 2 are each amended to read as follows:

(1) To support the judicial information system account provided for in RCW 2.68.020, the supreme court may provide by rule for an increase in fines, penalties, and assessments, and the increased amount ((~~shall~~)) must be forwarded to the state treasurer for deposit in the account:

(a) Pursuant to the authority of RCW 46.63.110((~~(2)~~)) (3), the sum of ten dollars to any penalty collected by a court pursuant to supreme court infraction rules for courts of limited jurisdiction;

(b) Pursuant to RCW 3.62.060, a mandatory appearance cost in the initial sum of ten dollars to be assessed on all defendants; and

(c) Pursuant to RCW 46.63.110((~~(5)~~)) (6), a ten-dollar assessment for each account for which a person requests a time payment schedule.

(2) Notwithstanding a provision of law or rule to the contrary, the assessments provided for in this section may not be waived or suspended and ((~~shall~~)) must be immediately due and payable upon forfeiture, conviction, deferral of prosecution, or request for time payment, as each ((~~shall~~)) occurs.

(3) The supreme court is requested to adjust these assessments for inflation.

(4) This section does not apply to the additional monetary penalty in RCW 46.63.110(11).

**Sec.**  RCW 47.60.315 and 2011 1st sp.s. c 16 s 3 are each amended to read as follows:

(1) The commission ((~~shall~~)) must adopt fares and pricing policies by rule, under chapter 34.05 RCW, according to the following schedule:

(a) Each year the department ((~~shall~~)) must provide the commission a report of its review of fares and pricing policies, with recommendations for the revision of fares and pricing policies for the ensuing year;

(b) By September 1st of each year, beginning in 2008, the commission ((~~shall~~)) must adopt by rule fares and pricing policies for the ensuing year.

(2) The commission may adopt by rule fares that are effective for more or less than one year for the purposes of transitioning to the fare schedule in subsection (1) of this section.

(3) The commission may increase ferry fares included in the schedule of charges adopted under this section by a percentage that exceeds the fiscal growth factor.

(4) The chief executive officer of the ferry system may authorize the use of promotional, discounted, and special event fares to the general public and commercial enterprises for the purpose of maximizing capacity use and the revenues collected by the ferry system. The department ((~~shall~~)) must report to the commission a summary of the promotional, discounted, and special event fares offered during each fiscal year and the financial results from these activities.

(5) Fare revenues and other revenues deposited in the Puget Sound ferry operations account created in RCW 47.60.530 may not be used to support the Puget Sound capital construction account created in RCW 47.60.505, unless the support for capital is separately identified in the fare.

(6) The commission may not raise fares until the fare rules contain pricing policies developed under RCW 47.60.290, or September 1, 2009, whichever is later.

(7) The commission ((~~shall~~)) must impose a vessel replacement surcharge of twenty-five cents on every one-way and round-trip ferry fare sold, including multiride and monthly pass fares((~~. This surcharge~~)), which must be deposited into the capital vessel replacement account created under RCW 47.60.322.

(8) Beginning July 1, 2019, the commission must impose an additional vessel replacement surcharge of twenty-five cents on every one-way and round-trip ferry fare sold, including multiride and monthly pass fares, which must be deposited into the forward Washington account created in section 801 of this act. These surcharges must be clearly indicated to ferry passengers and drivers and, if possible, on the fare media itself.

**Part VIII**

**Other Provisions**

NEW SECTION. **Sec.**  A new section is added to chapter 46.68 RCW to read as follows:

The forward Washington account is created in the motor vehicle fund. Moneys in the account may be spent only after appropriation. Expenditures from the account must be used only for projects or improvements identified as forward Washington projects or improvements in a transportation appropriations act, including any principal and interest on bonds authorized for the projects or improvements.

NEW SECTION. **Sec.**  A new section is added to chapter 46.68 RCW to read as follows:

The forward flexible account is created in the state treasury. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for transportation projects, programs, or activities identified as forward flexible projects, programs, or activities in a transportation appropriations act.

**Sec.**  RCW 43.84.092 and 2018 c 287 s 7, 2018 c 275 s 10, and 2018 c 203 s 14 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The abandoned recreational vehicle disposal account, the aeronautics account, the aircraft search and rescue account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the Chehalis basin account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the common school construction fund, the community forest trust account, the connecting Washington account, the county arterial preservation account, the county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of licensing tuition recovery trust fund, the department of retirement systems expense account, the developmental disabilities community trust account, the diesel idle reduction account, the drinking water assistance account, the drinking water assistance administrative account, the early learning facilities development account, the early learning facilities revolving account, the Eastern Washington University capital projects account, the Interstate 405 express toll lanes operations account, the education construction fund, the education legacy trust account, the election account, the electric vehicle charging infrastructure account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the federal forest revolving account, the ferry bond retirement fund, the forward flexible account, the forward Washington account, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the public health services account, the high capacity transportation account, the state higher education construction account, the higher education construction account, the highway bond retirement fund, the highway infrastructure account, the highway safety fund, the high occupancy toll lanes operations account, the hospital safety net assessment fund, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the medical aid account, the mobile home park relocation fund, the money-purchase retirement savings administrative account, the money-purchase retirement savings principal account, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the multiuse roadway safety account, the municipal criminal justice assistance account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the pollution liability insurance agency underground storage tank revolving account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the Puget Sound taxpayer accountability account, the real estate appraiser commission account, the recreational vehicle account, the regional mobility grant program account, the resource management cost account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the sexual assault prevention and response account, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state route number 520 civil penalties account, the state route number 520 corridor account, the state wildlife account, the statewide tourism marketing account, the student achievement council tuition recovery trust fund, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation future funding program account, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account, the water pollution control revolving fund, the Western Washington University capital projects account, the Yakima integrated plan implementation account, the Yakima integrated plan implementation revenue recovery account, and the Yakima integrated plan implementation taxable bond account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, the state university permanent fund, and the state reclamation revolving account shall be allocated to their respective beneficiary accounts.

(b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

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

(1) When a person has been disqualified from operating a commercial motor vehicle, the person is not entitled to have the commercial driver's license or commercial learner's permit restored until after the expiration of the appropriate disqualification period required under RCW 46.25.090 or until the department has received a drug and alcohol assessment and evidence is presented of satisfactory participation in or completion of any required drug or alcohol treatment program for ending the disqualification under RCW 46.25.090(7). After expiration of the appropriate period and upon payment of a requalification fee of twenty dollars until June 30, 2016, and thirty-five dollars beginning July 1, 2016, or one hundred fifty dollars if the person has been disqualified under RCW 46.25.090(7), the person may apply for a new, duplicate, or renewal commercial driver's license or commercial learner's permit as provided by law. If the person has been disqualified for a period of one year or more, the person ((~~shall~~)) must demonstrate that he or she meets the commercial driver's license or commercial learner's permit qualification standards specified in RCW 46.25.060.

(2) The fees under this section must be deposited into the highway safety fund unless ((~~prior to July 1, 2023,~~)) the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 208, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the ((~~connecting Washington account created under RCW 46.68.395~~)) forward Washington account created under section 801 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state or local agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(9) The department must transmit the fees collected for CLPs to the state treasurer for deposit in the highway safety fund unless ((~~prior to July 1, 2023,~~)) the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 206, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the ((~~connecting Washington account created under RCW 46.68.395~~)) forward Washington account created under section 801 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state or local agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

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

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

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

(i) Is a resident of this state;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) An applicant who operates a commercial motor vehicle for agribusiness purposes is exempt from the course of instruction completion and employer skills and training certification requirements under this section. By January 1, 2010, the department ((~~shall~~)) must submit recommendations regarding the continuance of this exemption to the transportation committees of the legislature. For purposes of this subsection (2)(b), "agribusiness" means a private carrier who in the normal course of business primarily transports:

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

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

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

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

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

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

((~~(4)~~)) (5) The fees under this section must be deposited into the highway safety fund unless ((~~prior to July 1, 2023,~~)) the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 207, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the ((~~connecting Washington account created under RCW 46.68.395~~)) forward Washington account created under section 801 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state or local agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

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

**Sec.**  RCW 82.38.310 and 2013 c 225 s 130 are each amended to read as follows:

(1) The governor may enter into an agreement with any federally recognized Indian tribe located on a reservation within this state regarding fuel taxes included in the price of fuel delivered to a retail station wholly owned and operated by a tribe, tribal enterprise, or tribal member licensed by the tribe to operate a retail station located on reservation or trust property. The agreement may provide mutually agreeable means to address any tribal immunities or any preemption of the fuel tax.

(2) The provisions of this section do not repeal existing state/tribal fuel tax agreements or consent decrees in existence on May 15, 2007. The state and the tribe may agree to substitute an agreement negotiated under this section for an existing agreement or consent decree, or to enter into an agreement using a methodology similar to the state/tribal fuel tax agreements in effect on May 15, 2007.

(3) If a new agreement is negotiated, the agreement must:

(a) Require that the tribe or the tribal retailer acquire all fuel only from persons or companies operating lawfully in accordance with this chapter as a fuel distributor, supplier, or blender, or from a tribal distributor, supplier, or blender lawfully doing business according to all applicable laws;

(b) Provide that the tribe will expend fuel tax proceeds or equivalent amounts on: Planning, construction, and maintenance of roads, bridges, and boat ramps; transit services and facilities; transportation planning; police services; and other highway-related purposes;

(c) Include provisions for audits or other means of ensuring compliance to certify the number of gallons of fuel purchased by the tribe for resale at tribal retail stations, and the use of fuel tax proceeds or their equivalent for the purposes identified in (b) of this subsection. Compliance reports must be delivered to the director of the department of licensing.

(4) Information from the tribe or tribal retailers received by the state or open to state review under the terms of an agreement are deemed personal information under RCW 42.56.230(4)(b) and are exempt from public inspection and copying.

(5) The governor may delegate the power to negotiate fuel tax agreements to the department of licensing.

(6) The department of licensing must prepare and submit an annual report to the legislature on the status of existing agreements and any ongoing negotiations with tribes.

(7) An agreement under subsection (1) of this section may include the carbon pollution fee created under section 102 of this act.

NEW SECTION. **Sec.**  The following acts or parts of acts are each repealed:

(1)RCW 47.46.190 (Tacoma Narrows bridge facility funding—Intent—State contribution loans—Private right of action not created) and 2018 c 195 s 1;

(2)RCW 47.46.200 (Reports—Determination of contribution amount from nontoll sources—Maintenance of debt service plan repayment schedule—Annual expected toll revenue information to be used for repayment of state contribution loans—Private right of action not created) and 2018 c 195 s 2; and

(3)2018 c 195 s 3.

NEW SECTION. **Sec.**  A new section is added to chapter 47.46 RCW to read as follows:

(1) The legislature finds that the users of the Tacoma Narrows bridge deserve toll relief and an equitable plan to address the rapidly escalating costs of debt service used to finance construction of the bridge. Rather than loans, the state should simply provide the funds to keep the tolls at the level as of January 1, 2019, thus keeping the promises that the state made regarding the term of the tolls on the Tacoma Narrows bridge and providing an appropriate amount of toll relief to the users of the bridge.

(2)(a) On July 1, 2019, for fiscal year 2020 costs, the state treasurer must transfer from the forward Washington account created in section 801 of this act to the Tacoma Narrows toll bridge account created in RCW 47.56.165, six million five hundred ten thousand dollars.

(b) On July 1, 2020, for fiscal year 2021 costs, the state treasurer must transfer from the forward Washington account created in section 801 of this act to the Tacoma Narrows toll bridge account created in RCW 47.56.165, eight million three hundred ninety thousand dollars.

(c) On July 1, 2021, for fiscal year 2022 costs, the state treasurer must transfer from the forward Washington account created in section 801 of this act to the Tacoma Narrows toll bridge account created in RCW 47.56.165, eleven million four hundred thirty thousand dollars.

(d) On July 1, 2022, for fiscal year 2023 costs, the state treasurer must transfer from the forward Washington account created in section 801 of this act to the Tacoma Narrows toll bridge account created in RCW 47.56.165, ten million ninety thousand dollars.

(e) On July 1, 2023, for fiscal year 2024 costs, the state treasurer must transfer from the forward Washington account created in section 801 of this act to the Tacoma Narrows toll bridge account created in RCW 47.56.165, ten million two hundred sixty thousand dollars.

(f) On July 1, 2024, for fiscal year 2025 costs, the state treasurer must transfer from the forward Washington account created in section 801 of this act to the Tacoma Narrows toll bridge account created in RCW 47.56.165, eleven million five hundred thirty thousand dollars.

(g) On July 1, 2025, for fiscal year 2026 costs, the state treasurer must transfer from the forward Washington account created in section 801 of this act to the Tacoma Narrows toll bridge account created in RCW 47.56.165, ten million seven hundred forty thousand dollars.

(h) On July 1, 2026, for fiscal year 2027 costs, the state treasurer must transfer from the forward Washington account created in section 801 of this act to the Tacoma Narrows toll bridge account created in RCW 47.56.165, ten million five hundred ten thousand dollars.

(i) On July 1, 2027, for fiscal year 2028 costs, the state treasurer must transfer from the forward Washington account created in section 801 of this act to the Tacoma Narrows toll bridge account created in RCW 47.56.165, thirteen million three hundred ninety thousand dollars.

(j) On July 1, 2028, for fiscal year 2029 costs, the state treasurer must transfer from the forward Washington account created in section 801 of this act to the Tacoma Narrows toll bridge account created in RCW 47.56.165, fifteen million seven hundred fifty thousand dollars.

(k) On July 1, 2029, for fiscal year 2030 costs, the state treasurer must transfer from the forward Washington account created in section 801 of this act to the Tacoma Narrows toll bridge account created in RCW 47.56.165, five million eight hundred eighty thousand dollars.

**Part IX**

**Miscellaneous Provisions**

NEW SECTION. **Sec.**  The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act.

NEW SECTION. **Sec.**  Part I of this act constitutes a new chapter in Title 82 RCW.

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 July 1, 2019.

NEW SECTION. **Sec.**  Section 107 of this act takes effect if Substitute Senate Bill No. 5116, as amended, is enacted into law prior to July 1, 2019.

**--- END ---**