

SSB 5447 - S AMD 120

By Senator Hasegawa

ADOPTED 03/01/2023

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature intends to use funds from
4 the climate commitment act to promote the production and use of
5 sustainable aviation fuels, thereby growing the clean energy sector,
6 addressing greenhouse gas emissions, and creating family wage
7 manufacturing jobs in Washington. Sustainable aviation fuels
8 represent the most significant near and midterm opportunity for
9 aviation to reduce its greenhouse gas emissions. The use of
10 sustainable aviation fuels will also improve air quality for airport
11 workers and communities surrounding airports. While many efforts are
12 underway to advance the use of sustainable aviation fuels, this act
13 is intended to assist and accelerate those efforts.

14 **PART I**

15 **TREATMENT OF ALTERNATIVE JET FUELS**

16 **Sec. 2.** RCW 70A.535.010 and 2022 c 182 s 409 are each amended to
17 read as follows:

18 The definitions in this section apply throughout this chapter
19 unless the context clearly indicates otherwise.

20 (1) "Carbon dioxide equivalents" has the same meaning as defined
21 in RCW 70A.45.010.

22 (2) "Carbon intensity" means the quantity of life-cycle
23 greenhouse gas emissions, per unit of fuel energy, expressed in grams
24 of carbon dioxide equivalent per megajoule (gCO₂e/MJ).

25 (3) "Clean fuels program" means the requirements established
26 under this chapter.

27 (4) "Cost" means an expense connected to the manufacture,
28 distribution, or other aspects of the provision of a transportation
29 fuel product.

1 (5) "Credit" means a unit of measure generated when a
2 transportation fuel with a carbon intensity that is less than the
3 applicable standard adopted by the department under RCW 70A.535.025
4 is produced, imported, or dispensed for use in Washington, such that
5 one credit is equal to one metric ton of carbon dioxide equivalents.
6 A credit may also be generated through other activities consistent
7 with this chapter.

8 (6) "Deficit" means a unit of measure generated when a
9 transportation fuel with a carbon intensity that is greater than the
10 applicable standard adopted by the department under RCW 70A.535.025
11 is produced, imported, or dispensed for use in Washington, such that
12 one deficit is equal to one metric ton of carbon dioxide equivalents.

13 (7) "Department" means the department of ecology.

14 (8) "Electric utility" means a consumer-owned utility or
15 investor-owned utility, as those terms are defined in RCW 19.29A.010.

16 (9) "Greenhouse gas" has the same meaning as defined in RCW
17 70A.45.010.

18 (10) "Military tactical vehicle" means a motor vehicle owned by
19 the United States department of defense or the United States military
20 services and that is used in combat, combat support, combat service
21 support, tactical or relief operations, or training for such
22 operations.

23 (11) "Motor vehicle" has the same meaning as defined in RCW
24 46.04.320.

25 (12) "Price" means the amount of payment or compensation provided
26 as consideration for a specified quantity of transportation fuel by a
27 consumer or end user of the transportation fuel.

28 (13) "Regulated party" means a producer or importer of any amount
29 of a transportation fuel that is ineligible to generate credits under
30 this chapter.

31 (14)(a) "Tactical support equipment" means equipment using a
32 portable engine, including turbines, that meets military
33 specifications, owned by the United States military services or its
34 allies, and that is used in combat, combat support, combat service
35 support, tactical or relief operations, or training for such
36 operations.

37 (b) "Tactical support equipment" includes, but is not limited to,
38 engines associated with portable generators, aircraft start carts,
39 heaters, and lighting carts.

1 (15) "Transportation fuel" means electricity and any liquid or
2 gaseous fuel sold, supplied, offered for sale, or used for the
3 propulsion of a motor vehicle or that is intended for use for
4 transportation purposes.

5 (16) "Alternative jet fuel" means a fuel made from petroleum or
6 nonpetroleum sources that can be blended and used with conventional
7 petroleum jet fuels without the need to modify aircraft engines and
8 existing fuel distribution infrastructure, and that have a lower
9 carbon intensity than the applicable annual carbon intensity standard
10 in Table 2 of WAC 173-424-900, as it existed on the effective date of
11 this section. Alternative jet fuel includes jet fuels derived from
12 coprocessed feedstocks at a conventional petroleum refinery.

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

15 (1) By no later than December 31, 2023, the department must allow
16 one or more carbon intensity pathways for alternative jet fuel.

17 (2) The department must allow biomethane to be claimed as the
18 feedstock for renewable diesel and alternative jet fuel consistent
19 with that allowable for compressed natural gas, liquified natural
20 gas, liquified compressed natural gas, or hydrogen production.

21 (3) The department must notify the department of revenue within
22 30 days when one or more facilities capable of producing a cumulative
23 production capacity of at least 20,000,000 gallons of alternative jet
24 fuel each year are operating in this state.

25 NEW SECTION. Sec. 4. A new section is added to chapter 28B.30
26 RCW to read as follows:

27 (1) Washington State University must convene an alternative jet
28 fuels work group to further the development of alternative jet fuel
29 as a productive industry in Washington. The work group must include
30 members from the legislature and sectors involved in alternative jet
31 fuel research, development, production, and utilization. The work
32 group must provide a report including any pertinent recommendations
33 to the governor and appropriate committees of the legislature by
34 December 1, 2024, and December 1st of every even-numbered year until
35 December 1, 2028.

36 (2) This section expires January 1, 2029.

1 **Sec. 5.** RCW 43.330.565 and 2022 c 292 s 102 are each amended to
2 read as follows:

3 (1) The statewide office of renewable fuels is established within
4 the department. The office shall report to the director of the
5 department. The office may employ staff as necessary to carry out the
6 office's duties as prescribed by chapter 292, Laws of 2022, subject
7 to the availability of amounts appropriated for this specific
8 purpose.

9 (2) The purpose of the office is to leverage, support, and
10 integrate with other state agencies to:

11 (a) Accelerate comprehensive market development with assistance
12 along the entire life cycle of renewable fuel projects;

13 (b) Support research into and development and deployment of
14 renewable fuel and the production, distribution, and use of renewable
15 and green electrolytic hydrogen and their derivatives, as well as
16 product engineering and manufacturing relating to the production and
17 use of such hydrogen and its derivatives;

18 (c) Drive job creation, improve economic vitality, and support
19 the transition to clean energy;

20 (d) Further the development and use of alternative jet fuels as a
21 productive industry in Washington;

22 (e) Enhance resiliency by using renewable fuels, alternative jet
23 fuels, and green electrolytic hydrogen to support climate change
24 mitigation and adaptations; and

25 ~~((e))~~ (f) Partner with overburdened communities to ensure
26 communities equitably benefit from renewable and clean fuels efforts.

27 **Sec. 6.** RCW 43.330.570 and 2022 c 292 s 103 are each amended to
28 read as follows:

29 (1) The office shall:

30 (a) Coordinate with federally recognized tribes, local
31 government, state agencies, federal agencies, private entities, the
32 state's public four-year institutions of higher education, labor
33 unions, and others to facilitate and promote multi-institution
34 collaborations to drive research, development, and deployment efforts
35 in the production, distribution, and use of alternative jet fuels and
36 renewable fuels including, but not limited to, green electrolytic
37 hydrogen;

38 (b) Review existing renewable fuels, alternative jet fuels, and
39 green electrolytic hydrogen initiatives, policies, and public and

1 private investments, and tax and regulatory incentives, including
2 assessment of adequacy of feedstock supply and in-state feedstock,
3 renewable fuels, and alternative jet fuels production;

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

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

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

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

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

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

30 (3) In carrying out its duties, the office must collaborate with
31 the department, the department of ecology, the department of
32 transportation, the utilities and transportation commission, electric
33 utilities in Washington state, the Washington State University
34 extension energy program, the alternative jet fuel work group
35 established in section 4 of this act, and all other relevant state
36 agencies. The office must also consult with and seek to involve
37 federally recognized tribes, project developers, labor and industry
38 trade groups, and other interested parties, in the development of
39 policy analysis and recommended programs or projects.

1 (4) The office may cooperate with other state agencies in
2 compiling data regarding the use of renewable fuels and green
3 electrolytic hydrogen in state operations, including motor vehicle
4 fleets, the state ferry system, and nonroad equipment.

5 NEW SECTION. **Sec. 7.** A new section is added to chapter 28B.30
6 RCW to read as follows:

7 (1) Washington State University, in collaboration with the
8 University of Washington's department of environmental and
9 occupational health, must calculate emissions of ultrafine and fine
10 particulate matter and sulfur oxides in communities surrounding an
11 international airport owned by a port district in a county with a
12 population greater than 1,500,000 and report that information to the
13 joint legislative audit and review committee by December 1, 2024, and
14 December 1st of each year until such time as the joint legislative
15 audit and review committee has completed its final report on the tax
16 preferences contained in sections 9 through 12 of this act. The
17 report must include emissions data for areas near airport runways and
18 under flight paths up to 3,000 feet in elevation. The report must
19 also include an analysis of any reduction in emissions relative to
20 the amount of alternative jet fuel used for flights departing the
21 airport. Washington State University may access and use any data
22 necessary to complete the reporting requirements of this section.

23 (2) To facilitate the calculation required in subsection (1) of
24 this section, an international airport owned by a port district in a
25 county with a population greater than 1,500,000 must report to
26 Washington State University the total annual volume of alternative
27 jet fuel used for flights departing the airport by October 1, 2024,
28 and October 1st of each year until such time as the joint legislative
29 audit and review committee has completed its final report on the tax
30 preferences contained in sections 9 through 12 of this act.

31 **PART II**

32 **ALTERNATIVE JET FUEL TAX INCENTIVES**

33 NEW SECTION. **Sec. 8.** (1) This section is the tax preference
34 performance statement for the tax preferences contained in sections 9
35 through 12, chapter . . . , Laws of 2023 (sections 9 through 12 of
36 this act). This performance statement is only intended to be used for
37 subsequent evaluation of the tax preferences. It is not intended to

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

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

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

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

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

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

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

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

27 (6) In order to obtain the data necessary to perform the review
28 in subsection (4) of this section, the joint legislative audit and
29 review committee may access and use data from an international
30 airport owned by a port district in a county with a population
31 greater than 1,500,000, the University of Washington, reports
32 compiled by the Washington State University pursuant to section 7 of
33 this act, and any other data collected by the state as it deems
34 necessary.

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

37 NEW SECTION. **Sec. 9.** A new section is added to chapter 82.04
38 RCW to read as follows:

1 (1) Upon every person engaging within the state in the business
2 of manufacturing alternative jet fuel; as to such persons, the amount
3 of the tax with respect to such business is, in the case of
4 manufacturers, equal to the value of the product manufactured, or in
5 the case of processors for hire, equal to the gross income of the
6 business, multiplied by the rate of 0.275 percent.

7 (2) Upon every person engaging in making sales, at retail or
8 wholesale, of manufactured alternative jet fuel; as to such persons,
9 the amount of the tax with respect to such business is equal to the
10 gross proceeds of sales of the alternative jet fuel, multiplied by
11 the rate of 0.275 percent.

12 (3) For the purposes of this section, "alternative jet fuel" has
13 the same meaning as in RCW 70A.535.010.

14 (4) A person reporting under the tax rate provided in this
15 section must file a complete annual tax performance report with the
16 department under RCW 82.32.534.

17 (5) (a) The tax rate under subsections (1) and (2) of this section
18 takes effect on the first day of the first calendar quarter following
19 the month in which the department receives notice from the department
20 of ecology that there are one or more facilities operating in this
21 state with a cumulative production capacity of at least 20,000,000
22 gallons of alternative jet fuel each year, as required in section 3
23 of this act.

24 (b) The tax rate expires nine calendar years after the close of
25 the calendar year in which the tax rate under subsections (1) and (2)
26 of this section takes effect.

27 NEW SECTION. **Sec. 10.** A new section is added to chapter 82.04
28 RCW to read as follows:

29 (1) (a) Subject to the limits and provisions of this section, a
30 credit is allowed against the tax otherwise due under this chapter
31 for persons engaged in the manufacturing of alternative jet fuel.

32 (b) Except as provided in (c) of this subsection, the credit
33 under this section is equal to \$1 for each gallon of alternative jet
34 fuel that has at least 50 percent less carbon dioxide equivalent
35 emissions than conventional jet fuel and is sold during the prior
36 calendar year by:

37 (i) A business that produces alternative jet fuel and is located
38 in a qualifying county; or

1 (ii) A business's designated alternative jet fuel blender that is
2 located in this state.

3 (c) The credit amount under (b) of this subsection must increase
4 by 2 cents for each additional one percent reduction in carbon
5 dioxide equivalent emissions beyond 50 percent, not to exceed \$2 for
6 each gallon of alternative jet fuel.

7 (d) A person may not receive credit under both (b)(i) and (ii) of
8 this subsection.

9 (e) The credit under this section is calculated only on the
10 portion of jet fuel that is considered alternative jet fuel and does
11 not include conventional jet fuel when such fuels are blended or
12 otherwise used in a jet fuel mixture.

13 (f) A credit under this section may not be claimed until the
14 department of ecology verifies that there are one or more facilities
15 operating in this state with cumulative production capacity of at
16 least 20,000,000 gallons of alternative jet fuel each year and has
17 provided such notice to the department.

18 (g) Contract pricing for sales of alternative jet fuel between a
19 person claiming the credit under this section and the final consumer
20 must reflect the per gallon credit under (b) and (c) of this
21 subsection.

22 (2) A person may not receive credit under this section for
23 amounts claimed as credits under section 11 of this act or chapter
24 82.16 RCW.

25 (3) To claim a credit under this section a person must
26 electronically file with the department all returns, forms, and any
27 other information required by the department, in an electronic format
28 as provided or approved by the department.

29 (4) To claim a credit under this section, the person applying
30 must:

31 (a) Complete an application for the credit which must include:

32 (i) The name, business address, and tax identification number of
33 the applicant;

34 (ii) Documentation of the total amount of alternative jet fuel
35 manufactured and sold in the prior calendar year;

36 (iii) Documentation sufficient for the department to verify that
37 the alternative jet fuel for which the credit is being claimed meets
38 the carbon intensity reduction benchmarks under subsection (1)(b) and
39 (c) of this section, as certified by the department of ecology under
40 section 3 of this act;

1 (iv) Documentation sufficient to verify compliance with
2 subsection (1)(g) of this section; and

3 (v) Any other information deemed necessary by the department to
4 support administration or reporting of the program.

5 (b) Obtain a carbon intensity score from the department of
6 ecology prior to submitting an application to the department.

7 (5) The department must notify applicants of credit approval or
8 denial within 60 days of receipt of a final application and
9 documentation.

10 (6) If a person fails to supply the information as required in
11 subsection (4) of this section, the department must deny the
12 application.

13 (7)(a) The credit under this section may only be claimed against
14 taxes due under section 9 of this act, less any taxable amount for
15 which a credit is allowed under RCW 82.04.440.

16 (b) A credit earned during one calendar year may be carried over
17 and claimed against taxes incurred for the next subsequent calendar
18 year but may not be carried over for any calendar year thereafter.

19 (c) No refunds may be granted for credits under this section.

20 (8) For the purposes of this section:

21 (a) "Alternative jet fuel" has the same meaning as in RCW
22 70A.535.010.

23 (b) "Carbon dioxide equivalent" has the same meaning as in RCW
24 70A.45.010.

25 (c) "Qualifying county" means a county that has a population less
26 than 650,000 at the time an application for a credit under this
27 section is received by the department.

28 (9)(a) Credits may be earned beginning on the first day of the
29 first calendar quarter following the month in which notice under
30 subsection (1)(f) of this section was received by the department.

31 (b) Credits may not be earned beginning nine calendar years after
32 the close of the calendar year in which the credit may be earned, as
33 provided in (a) of this subsection.

34 (10) A person claiming the credit provided in this section must
35 file a complete annual tax performance report with the department
36 under RCW 82.32.534.

37 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.04
38 RCW to read as follows:

1 (1) (a) Subject to the limits and provisions of this section, a
2 credit is allowed against the tax otherwise due under this chapter
3 for persons engaged in the use of alternative jet fuel.

4 (b) Except as provided in (c) of this subsection, the credit
5 under this section is equal to \$1 for each gallon of alternative jet
6 fuel that has at least 50 percent less carbon dioxide equivalent
7 emissions than conventional jet fuel and is purchased during the
8 prior calendar year by a business for use as alternative jet fuel for
9 flights departing in this state.

10 (c) The credit amount under (b) of this subsection must increase
11 by 2 cents for each additional one percent reduction in carbon
12 dioxide equivalent emissions beyond 50 percent, not to exceed \$2 for
13 each gallon of alternative jet fuel.

14 (d) The credit under this section is calculated only on the
15 portion of jet fuel that is considered alternative jet fuel and does
16 not include conventional jet fuel when such fuels are blended or
17 otherwise used in a jet fuel mixture.

18 (e) A credit under this section may not be claimed until the
19 department of ecology verifies that there are one or more facilities
20 operating in this state with cumulative production capacity of at
21 least 20,000,000 gallons of alternative jet fuel each year and has
22 provided such notice to the department.

23 (2) A person may not receive credit under this section for
24 amounts claimed as credits under section 10 of this act or chapter
25 82.16 RCW.

26 (3) To claim a credit under this section a person must
27 electronically file with the department all returns, forms, and any
28 other information required by the department, in an electronic format
29 as provided or approved by the department.

30 (4) To claim a credit under this section, the person applying
31 must:

32 (a) Complete an application for the credit which must include:

33 (i) The name, business address, and tax identification number of
34 the applicant;

35 (ii) Documentation of the amount of alternative jet fuel
36 purchased by the business in the prior calendar year;

37 (iii) Documentation sufficient for the department to verify that
38 the alternative jet fuel for which the credit is being claimed meets
39 the carbon intensity reduction benchmarks under subsection (1) (b) and

1 (c) of this section, as certified by the department of ecology under
2 section 3 of this act; and

3 (iv) Any other information deemed necessary by the department to
4 support administration or reporting of the program.

5 (b) Obtain a carbon intensity score from the department of
6 ecology prior to submitting an application to the department.

7 (5) The department must notify applicants of credit approval or
8 denial within 60 days of receipt of a final application and
9 documentation.

10 (6) If a person fails to supply the information as required in
11 subsection (4) of this section, the department must deny the
12 application.

13 (7) (a) The credit under this section may be used against any tax
14 due under this chapter.

15 (b) A credit earned during one calendar year may be carried over
16 and claimed against taxes incurred for the next subsequent calendar
17 year but may not be carried over for any calendar year thereafter.

18 (c) No refunds may be granted for credits under this section.

19 (8) For the purposes of this section:

20 (a) "Alternative jet fuel" has the same meaning as in RCW
21 70A.535.010.

22 (b) "Carbon dioxide equivalent" has the same meaning as in RCW
23 70A.45.010.

24 (9) (a) Credits may be earned beginning on the first day of the
25 first calendar quarter following the month in which notice under
26 subsection (1) (e) of this section was received by the department.

27 (b) Credits may not be earned beginning nine calendar years after
28 the close of the calendar year in which the credit may be earned, as
29 provided in (a) of this subsection.

30 (10) A person claiming the credit provided in this section must
31 file a complete annual tax performance report with the department
32 under RCW 82.32.534.

33 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.16
34 RCW to read as follows:

35 (1) (a) Subject to the limits and provisions of this section, a
36 credit is allowed against the tax otherwise due under this chapter
37 for persons engaged in the use of alternative jet fuel.

38 (b) Except as provided in (c) of this subsection, the credit
39 under this section is equal to \$1 for each gallon of alternative jet

1 fuel that has at least 50 percent less carbon dioxide equivalent
2 emissions than conventional jet fuel and is purchased during the
3 prior calendar year by a business for use as alternative jet fuel for
4 flights departing in this state.

5 (c) The credit amount under (b) of this subsection must increase
6 by 2 cents for each additional one percent reduction in carbon
7 dioxide equivalent emissions beyond 50 percent, not to exceed \$2 for
8 each gallon of alternative jet fuel.

9 (d) The credit under this section is calculated only on the
10 portion of jet fuel that is considered alternative jet fuel and does
11 not include conventional jet fuel when such fuels are blended or
12 otherwise used in a jet fuel mixture.

13 (e) A credit under this section may not be claimed until the
14 department of ecology verifies that there are one or more facilities
15 operating in this state with cumulative production capacity of at
16 least 20,000,000 gallons of alternative jet fuel each year and has
17 provided such notice to the department.

18 (2) A person may not receive credit under this section for
19 amounts claimed as credits under chapter 82.04 RCW.

20 (3) To claim a credit under this section a person must
21 electronically file with the department all returns, forms, and any
22 other information required by the department, in an electronic format
23 as provided or approved by the department.

24 (4) To claim a credit under this section, the person applying
25 must:

26 (a) Complete an application for the credit which must include:

27 (i) The name, business address, and tax identification number of
28 the applicant;

29 (ii) Documentation of the amount of alternative jet fuel
30 purchased by the business in the prior calendar year;

31 (iii) Documentation sufficient for the department to verify that
32 the alternative jet fuel for which the credit is being claimed meets
33 the carbon intensity reduction benchmarks under subsection (1)(b) and
34 (c) of this section, as certified by the department of ecology under
35 section 3 of this act; and

36 (iv) Any other information deemed necessary by the department to
37 support administration or reporting of the program.

38 (b) Obtain a carbon intensity score from the department of
39 ecology prior to submitting an application to the department.

1 (5) The department must notify applicants of credit approval or
2 denial within 60 days of receipt of a final application and
3 documentation.

4 (6) If a person fails to supply the information as required in
5 subsection (4) of this section, the department must deny the
6 application.

7 (7) (a) The credit under this section may be used against any tax
8 due under this chapter.

9 (b) A credit earned during one calendar year may be carried over
10 and claimed against taxes incurred for the next subsequent calendar
11 year but may not be carried over for any calendar year thereafter.

12 (c) No refunds may be granted for credits under this section.

13 (8) The definitions in section 11 of this act apply to this
14 section.

15 (9) (a) Credits may be earned beginning on the first day of the
16 first calendar quarter following the month in which notice under
17 subsection (1) (e) of this section was received by the department.

18 (b) Credits may not be earned beginning nine calendar years after
19 the close of the calendar year in which the credit may be earned, as
20 provided in (a) of this subsection.

21 (10) A person claiming the credit provided in this section must
22 file a complete annual tax performance report with the department
23 under RCW 82.32.534.

24 **Sec. 13.** RCW 70A.65.260 and 2022 c 179 s 17 are each amended to
25 read as follows:

26 (1) The climate commitment account is created in the state
27 treasury. The account must receive moneys distributed to the account
28 from the climate investment account created in RCW 70A.65.250. Moneys
29 in the account may be spent only after appropriation. Projects,
30 activities, and programs eligible for funding from the account must
31 be physically located in Washington state and include, but are not
32 limited to, the following:

33 (a) Implementing the working families' tax (~~(rebate)~~) credit in
34 RCW 82.08.0206;

35 (b) Supplementing the growth management planning and
36 environmental review fund established in RCW 36.70A.490 for the
37 purpose of making grants or loans to local governments for the
38 purposes set forth in RCW 43.21C.240, 43.21C.031, 36.70A.500, and
39 36.70A.600, for costs associated with RCW 36.70A.610, and to cover

1 costs associated with the adoption of optional elements of
2 comprehensive plans consistent with RCW 43.21C.420;

3 (c) Programs, activities, or projects that reduce and mitigate
4 impacts from greenhouse gases and copollutants in overburdened
5 communities, including strengthening the air quality monitoring
6 network to measure, track, and better understand air pollution levels
7 and trends and to inform the analysis, monitoring, and pollution
8 reduction measures required in RCW 70A.65.020;

9 (d) Programs, activities, or projects that deploy renewable
10 energy resources, such as solar and wind power, and projects to
11 deploy distributed generation, energy storage, demand-side
12 technologies and strategies, and other grid modernization projects;

13 (e) Programs, activities, or projects that increase the energy
14 efficiency or reduce greenhouse gas emissions of industrial
15 facilities including, but not limited to, proposals to implement
16 combined heat and power, district energy, or on-site renewables, such
17 as solar and wind power, to upgrade the energy efficiency of existing
18 equipment, to reduce process emissions, and to switch to less
19 emissions intensive fuel sources;

20 (f) Programs, activities, or projects that achieve energy
21 efficiency or emissions reductions in the agricultural sector
22 including:

23 (i) Fertilizer management;

24 (ii) Soil management;

25 (iii) Bioenergy;

26 (iv) Biofuels;

27 (v) Grants, rebates, and other financial incentives for
28 agricultural harvesting equipment, heavy-duty trucks, agricultural
29 pump engines, tractors, and other equipment used in agricultural
30 operations;

31 (vi) Grants, loans, or any financial incentives to food
32 processors to implement projects that reduce greenhouse gas
33 emissions;

34 (vii) Renewable energy projects;

35 (viii) Farmworker housing weatherization programs;

36 (ix) Dairy digester research and development;

37 (x) Alternative manure management; and

38 (xi) Eligible fund uses under RCW 89.08.615;

39 (g) Programs, activities, or projects that increase energy
40 efficiency in new and existing buildings, or that promote low carbon

1 architecture, including use of newly emerging alternative building
2 materials that result in a lower carbon footprint in the built
3 environment over the life cycle of the building and component
4 building materials;

5 (h) Programs, activities, or projects that promote the
6 electrification and decarbonization of new and existing buildings,
7 including residential, commercial, and industrial buildings;

8 (i) Programs, activities, or projects that improve energy
9 efficiency, including district energy, and investments in market
10 transformation of high efficiency electric appliances and equipment
11 for space and water heating;

12 (j) Clean energy transition and assistance programs, activities,
13 or projects that assist affected workers or people with lower incomes
14 during the transition to a clean energy economy, or grow and expand
15 clean manufacturing capacity in communities across Washington state
16 including, but not limited to:

17 (i) Programs, activities, or projects that directly improve
18 energy affordability and reduce the energy burden of people with
19 lower incomes, as well as the higher transportation fuel burden of
20 rural residents, such as bill assistance, energy efficiency, and
21 weatherization programs;

22 (ii) Community renewable energy projects that allow qualifying
23 participants to own or receive the benefits of those projects at
24 reduced or no cost;

25 (iii) Programs, activities, or other worker-support projects for
26 bargaining unit and nonsupervisory fossil fuel workers who are
27 affected by the transition away from fossil fuels to a clean energy
28 economy. Worker support may include, but is not limited to: (A) Full
29 wage replacement, health benefits, and pension contributions for
30 every worker within five years of retirement; (B) full wage
31 replacement, health benefits, and pension contributions for every
32 worker with at least one year of service for each year of service up
33 to five years of service; (C) wage insurance for up to five years for
34 workers reemployed who have more than five years of service; (D) up
35 to two years of retraining costs, including tuition and related
36 costs, based on in-state community and technical college costs; (E)
37 peer counseling services during transition; (F) employment placement
38 services, prioritizing employment in the clean energy sector; and (G)
39 relocation expenses;

1 (iv) Direct investment in workforce development, via technical
2 education, community college, institutions of higher education,
3 apprenticeships, and other programs including, but not limited to:

4 (A) Initiatives to develop a forest health workforce established
5 under RCW 76.04.521; and

6 (B) Initiatives to develop new education programs, emerging
7 fields, or jobs pertaining to the clean energy economy;

8 (v) Transportation, municipal service delivery, and technology
9 investments that increase a community's capacity for clean
10 manufacturing, with an emphasis on communities in greatest need of
11 job creation and economic development and potential for commute
12 reduction;

13 (k) Programs, activities, or projects that reduce emissions from
14 landfills and waste-to-energy facilities through diversion of organic
15 materials, methane capture or conversion strategies, installation of
16 gas collection devices and gas control systems, monitoring and
17 reporting of methane emissions, or other means, prioritizing funding
18 needed for any activities by local governments to comply with chapter
19 70A.540 RCW;

20 (l) Carbon dioxide removal projects, programs, and activities;
21 and

22 (m) Activities to support efforts to mitigate and adapt to the
23 effects of climate change affecting Indian tribes, including capital
24 investments in support of the relocation of Indian tribes located in
25 areas at heightened risk due to anticipated sea level rise, flooding,
26 or other disturbances caused by climate change. The legislature
27 intends to dedicate at least \$50,000,000 per biennium from the
28 account for purposes of this subsection.

29 (2) The state treasurer may, subject to funds appropriated for
30 this specific purpose, transfer from the climate commitment account
31 to the state general fund an amount equal to any reduction in state
32 revenue from the preferential business and occupation tax rate under
33 section 9 of this act and credits under sections 10 through 12 of
34 this act for the prior calendar year, as annually determined by the
35 department of revenue.

36 (3) Moneys in the account may not be used for projects or
37 activities that would violate tribal treaty rights or result in
38 significant long-term damage to critical habitat or ecological
39 functions. Investments from this account must result in long-term

1 environmental benefits and increased resilience to the impacts of
2 climate change.

3 NEW SECTION. **Sec. 14.** If any provision of this act or its
4 application to any person or circumstance is held invalid, the
5 remainder of the act or the application of the provision to other
6 persons or circumstances is not affected.

7 NEW SECTION. **Sec. 15.** RCW 82.32.805 does not apply to this act.

8 NEW SECTION. **Sec. 16.** Sections 9 through 13 of this act take
9 effect July 1, 2024.

10 NEW SECTION. **Sec. 17.** Sections 1 through 7 of this act are
11 necessary for the immediate preservation of the public peace, health,
12 or safety, or support of the state government and its existing public
13 institutions, and take effect July 1, 2023."

SSB 5447 - S AMD 120

By Senator Hasegawa

ADOPTED 03/01/2023

14 On page 1, line 2 of the title, after "Washington;" strike the
15 remainder of the title and insert "amending RCW 70A.535.010,
16 43.330.565, 43.330.570, and 70A.65.260; adding a new section to
17 chapter 70A.535 RCW; adding new sections to chapter 28B.30 RCW;
18 adding new sections to chapter 82.04 RCW; adding a new section to
19 chapter 82.16 RCW; creating new sections; providing effective dates;
20 providing an expiration date; and declaring an emergency."

EFFECT: Requires Washington State University, in collaboration with the University of Washington's department of environmental and occupational health, to calculate and report on certain emissions found around the Seattle-Tacoma international airport; requires the Seattle-Tacoma international airport to report to Washington State University the annual volume of alternative jet fuel used for flights departing the airport; revises the tax preference performance statement to include an analysis of (1) any changes in air travel-related pollution in communities near the Seattle-Tacoma international airport; (2) the economic growth resulting from the alternative jet fuel industry in Washington; requires the joint legislative audit and review committee to complete a preliminary report by December 1, 2032; and allows the state treasurer to transfer funds from the climate commitment account to the state

general fund in an amount equal to the reduction in state revenue from each of the tax preferences, as determined by the department of revenue.

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