
HOUSE BILL 2794

State of Washington

59th Legislature

2006 Regular Session

By Representatives Chase, B. Sullivan, Dickerson, Upthegrove, Ericks, Linville, Pettigrew, Hunt, Murray, McCoy, Miloscia, Grant, Sells, Williams, Kenney, Simpson and Kagi

Read first time 01/13/2006. Referred to Committee on Natural Resources, Ecology & Parks.

1 AN ACT Relating to minimizing the environmental cost of greenhouse
2 gas emissions by encouraging mitigation for carbon dioxide; adding a
3 new section to chapter 82.04 RCW; and adding new sections to chapter
4 70.94 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
7 to read as follows:

8 (1) In computing the tax imposed under this chapter, a credit is
9 allowed against the amount of tax otherwise due as provided in this
10 section for voluntary efforts to mitigate carbon dioxide emissions.

11 (2) The credit allowed under this section is one dollar for every
12 ton of carbon emissions certified as mitigated under section 2 of this
13 act.

14 (3) No application is necessary for the tax credit allowed under
15 this section. The person must keep records for the department to
16 verify eligibility under this section, including all necessary
17 certification documentation required under section 2 of this act.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.94 RCW
2 to read as follows:

3 (1) Except as otherwise provided in this section, businesses and
4 nonprofit organizations that choose to claim the tax credit allowed
5 under section 1 of this act must obtain documentation from a qualified
6 third party organization certifying that the business or nonprofit
7 organization has offset one hundred percent of their carbon dioxide
8 emissions with qualifying mitigation projects.

9 (2) The department shall generate and maintain a list of third
10 party organizations that are qualified to certify the successful
11 completion of carbon dioxide mitigation efforts undertaken by
12 businesses or nonprofit organizations in order to qualify for the tax
13 credit allowed under section 1 of this act. Organizations chosen for
14 the list must be independent and free of any financial interests in the
15 types of businesses or nonprofit organizations likely to use their
16 services, and must be able to demonstrate to the department that the
17 organization possesses the minimum technical expertise necessary to
18 verify that mitigation offset projects satisfy the requirements of this
19 section.

20 (3)(a) Businesses or nonprofit organizations choosing to claim the
21 tax credit allowed under section 1 of this act must enter into a
22 business relationship with one of the third party organizations listed
23 by the department under subsection (2) of this section. The terms of
24 the relationship may not conflict with this section and must be
25 determined by the initiating business or nonprofit organization and the
26 third party organization.

27 (b) The third party organization shall be responsible for:

28 (i) Establishing the business or nonprofit organization's baseline
29 carbon dioxide emissions level;

30 (ii) Working with the initiating business or nonprofit organization
31 to establish a carbon dioxide mitigation plan that includes funding for
32 offset projects meeting the standards for offset projects required by
33 this section;

34 (iii) Conducting an emissions audit of the initiating business or
35 nonprofit organization that verifies that one hundred percent of the
36 business or nonprofit organization's emitted baseline carbon dioxide
37 equivalents, as that term is defined in RCW 80.70.010, has been
38 mitigated.

1 (c) The third party organizations shall certify a business or
2 nonprofit organization if that business or nonprofit organization
3 satisfies the requirements of this section by either directly funding
4 and implementing specific mitigation offset projects, or by indirectly
5 funding mitigation offset projects by providing a monetary contribution
6 to the carbon dioxide mitigation account created in section 3 of this
7 act. The contribution amount required by the business or nonprofit
8 organization shall be established by the third party organization
9 consistent with this subsection.

10 (4) The department shall develop minimal standards for carbon
11 dioxide mitigation offset projects to be undertaken by a business or
12 nonprofit organization under this section. At a minimum, the standards
13 must require that all offset projects:

14 (a) Occur or take place within the state of Washington;

15 (b) Are in addition to projects that are likely to occur in the
16 absence of the tax credit allowed under section 1 of this act;

17 (c) Not include projects, except for project expansions, existing
18 or undertaken before the tax year in which the tax credit was claimed;
19 and

20 (d) Produce quantifiable and measurable results.

21 (5) The department may audit and inspect all aspects of the
22 business relationship entered into under this section by the business
23 or nonprofit organization and the third party organization. The
24 department may nullify or modify any certification provided by a third
25 party organization if the department finds that the certification does
26 not accurately reflect the requirements of this section.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 70.94 RCW
28 to read as follows:

29 (1) The carbon dioxide mitigation account is created in the state
30 treasury. All receipts from businesses or nonprofit organizations
31 choosing, under section 2 of this act, to indirectly fund carbon
32 dioxide mitigation offset projects must be deposited into the account.
33 Moneys in the account may only be spent after appropriation.
34 Expenditures from the account may only be used consistent with this
35 section.

36 (2) The department shall contract with a third party organization
37 or organizations to locate, design, and implement carbon dioxide

1 mitigation projects. Funding for the mitigation projects shall come
2 from the account created in this section. All projects funded under
3 this section must comply with the minimum standards for carbon dioxide
4 mitigation projects adopted by the department under section 2 of this
5 act.

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