
SENATE BILL 6306

State of Washington

64th Legislature

2016 Regular Session

By Senator Hobbs

Read first time 01/14/16. Referred to Committee on Energy,
Environment & Telecommunications.

1 AN ACT Relating to creating a fossil fuel carbon pollution tax;
2 reenacting and amending RCW 43.84.092; adding a new chapter to Title
3 82 RCW; and providing an effective date.

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

5 NEW SECTION. **Sec. 1.** The definitions in this section apply
6 throughout this chapter unless the context clearly requires
7 otherwise.

8 (1) "Coal" means bituminous coal, subbituminous coal, lignite,
9 and coke.

10 (2) "First taxable event" means:

11 (a) The first possession of natural gas acquired by a gas
12 distribution business;

13 (b) The first possession of natural gas acquired by a person
14 subject to the tax under RCW 82.12.022 with respect to such natural
15 gas;

16 (c) The first possession of coal acquired by a person using the
17 coal for the generation of electricity, heat, or steam within the
18 state of Washington;

19 (d) The first possession of a petroleum product subject to tax
20 under chapter 82.21 RCW; and

1 (e) The use of fossil fuels by a facility in Washington that
2 results in carbon dioxide emissions in conjunction with the process
3 of distilling, fractionating, refining, or processing of crude oil or
4 petroleum products.

5 (3) "Fossil fuel" means coal, natural gas, crude oil, and
6 petroleum products.

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

9 (5) "Petroleum product" has the same meaning as provided in RCW
10 82.21.020.

11 NEW SECTION. **Sec. 2.** (1) Except as provided in section 3 of
12 this act, there is levied and imposed, at the time of the first
13 taxable event and upon the first taxable person within this state, a
14 fossil fuel carbon pollution tax upon the carbon content of fossil
15 fuels extracted, manufactured, or introduced into this state equal to
16 eight dollars per metric ton of carbon dioxide.

17 (2) The department must calculate the carbon content of fossil
18 fuels, in consultation with the department of ecology, by using
19 relevant methods based on those established by the United States
20 department of energy or the United States environmental protection
21 agency. The department must develop and make available worksheets and
22 guidance documents necessary to calculate the carbon content of
23 fossil fuels.

24 NEW SECTION. **Sec. 3.** (1) The following fossil fuels are exempt
25 from the fossil fuel carbon pollution tax imposed under this chapter:

26 (a) Fossil fuels used for air or marine travel between Washington
27 and a jurisdiction outside the geographic borders of Washington;

28 (b) Fossil fuels purchased in Washington for export for use
29 outside of Washington; and

30 (c) Fossil fuels brought into this state by means of the fuel
31 supply tank of a motor vehicle, vessel, locomotive, or aircraft.

32 (2) Any reductions to the fossil fuel carbon pollution tax rates
33 due under this section may not be considered a credit and may not be
34 transferred, traded, or banked.

35 NEW SECTION. **Sec. 4.** (1) The carbon pollution revenues account
36 is created in the state treasury. All receipts from the tax imposed

1 under section 2 of this act must be deposited in the account. Moneys
2 in the account may be spent only after appropriation.

3 (2) Expenditures from the account must be used for the following
4 activities:

5 (a) Not less than twenty-five percent must be expended for
6 project-specific planning, design, and construction projects that
7 reduce storm water impacts from existing infrastructure and
8 development. Grants to cities and counties must be provided through
9 the statewide storm water financial assistance program required by
10 the capital budget in section 3081, chapter 19, Laws of 2013 2nd sp.
11 sess. (Engrossed Substitute Senate Bill No. 5035). Grants may also be
12 provided for projects sponsored by other public or private entities
13 for projects that reduce storm water impacts from existing
14 infrastructure and development, where there is a substantial water
15 quality benefit and the project is not required by court order or
16 required as a condition of a local or state permit;

17 (b) Not less than twenty-five percent must be expended by the
18 department of transportation for fish barrier correction projects at
19 state highways required by the injunction entered in *United States v.*
20 *Washington* (Civ. No. CV9213RSM). Where the department determines that
21 the amounts appropriated exceed the current biennial appropriation
22 necessary to meet the overall timeline for compliance with the
23 injunction, the department may provide funding for fish barrier
24 correction projects on state or local roadways, with the highest
25 priority for funding to be accorded to projects with the greatest
26 restoration of fish habitat access. In making awards for projects not
27 subject to the injunction the department must obtain the
28 recommendations of the fish passage barrier removal board created in
29 RCW 77.95.160;

30 (c) Not less than twenty-five percent must be expended by the
31 department of commerce for programs that advance renewable energy and
32 energy efficiency. Appropriations to the department for this purpose
33 may include:

34 (i) Funding projects that provide a benefit to the public through
35 development, demonstration, and deployment of clean energy
36 technologies that save energy and reduce energy costs, reduce harmful
37 air emissions, or otherwise increase energy independence for the
38 state. In funding such projects, the department must be guided by the
39 project selection procedures and standards required by the capital

1 budget in section 1028, chapter 3, Laws of 2015 3rd sp. sess. (Second
2 Engrossed House Bill No. 1115).

3 (ii) Funding community energy efficiency programs that provide
4 assistance for energy efficiency assessments and retrofits, with an
5 emphasis upon residential housing serving moderate and low-income
6 families.

7 (iii) Funding to offset some or all of the state fiscal impacts
8 of the credits against state taxes owing by retail electric utilities
9 for the renewable energy incentive payments made to customers
10 installing solar or other renewable energy facilities at their
11 premises, pursuant to RCW 82.16.130. On April 1st of each year the
12 state treasurer must transfer from the carbon pollution revenues
13 account to the general fund the amount determined by the department
14 of revenue to be the total in public utility tax credits under RCW
15 82.16.130, or such lesser amount as specifically appropriated for
16 this purpose; and

17 (d) Not less than twenty-five percent must be expended for
18 projects and programs that advance the use of public transportation
19 and other multimodal transportation options throughout the state.

20 NEW SECTION. **Sec. 5.** (1) The fossil fuel carbon pollution tax
21 imposed under this chapter is to be collected in addition to all
22 other taxes imposed on fossil fuels.

23 (2) To the extent practical, the department must integrate the
24 administration and collection of the fossil fuel carbon pollution
25 taxes imposed under this chapter with the administration and
26 collection of other taxes imposed on the taxpayer. The administrative
27 provisions of chapter 82.32 RCW apply to this chapter.

28 NEW SECTION. **Sec. 6.** The department must adopt and maintain
29 rules to implement this chapter.

30 NEW SECTION. **Sec. 7.** This act is known and may be cited as the
31 evergreen initiative.

32 NEW SECTION. **Sec. 8.** This act takes effect January 1, 2017.

33 **Sec. 9.** RCW 43.84.092 and 2015 3rd sp.s. c 44 s 107 and 2015 3rd
34 sp.s. c 12 s 3 are each reenacted and amended to read as follows:

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

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

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

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

33 (a) The following accounts and funds shall receive their
34 proportionate share of earnings based upon each account's and fund's
35 average daily balance for the period: The aeronautics account, the
36 aircraft search and rescue account, the Alaskan Way viaduct
37 replacement project account, the brownfield redevelopment trust fund
38 account, the budget stabilization account, the capital vessel
39 replacement account, the capitol building construction account, the
40 carbon pollution revenues account, the Cedar River channel

1 construction and operation account, the Central Washington University
2 capital projects account, the charitable, educational, penal and
3 reformatory institutions account, the cleanup settlement account, the
4 Columbia river basin water supply development account, the Columbia
5 river basin taxable bond water supply development account, the
6 Columbia river basin water supply revenue recovery account, the
7 common school construction fund, the community forest trust account,
8 the connecting Washington account, the county arterial preservation
9 account, the county criminal justice assistance account, the deferred
10 compensation administrative account, the deferred compensation
11 principal account, the department of licensing services account, the
12 department of retirement systems expense account, the developmental
13 disabilities community trust account, the diesel idle reduction
14 account, the drinking water assistance account, the drinking water
15 assistance administrative account, the drinking water assistance
16 repayment account, the Eastern Washington University capital projects
17 account, the Interstate 405 express toll lanes operations account,
18 the education construction fund, the education legacy trust account,
19 the election account, the electric vehicle charging infrastructure
20 account, the energy freedom account, the energy recovery act account,
21 the essential rail assistance account, The Evergreen State College
22 capital projects account, the federal forest revolving account, the
23 ferry bond retirement fund, the freight mobility investment account,
24 the freight mobility multimodal account, the grade crossing
25 protective fund, the public health services account, the high
26 capacity transportation account, the state higher education
27 construction account, the higher education construction account, the
28 highway bond retirement fund, the highway infrastructure account, the
29 highway safety fund, the high occupancy toll lanes operations
30 account, the hospital safety net assessment fund, the industrial
31 insurance premium refund account, the judges' retirement account, the
32 judicial retirement administrative account, the judicial retirement
33 principal account, the local leasehold excise tax account, the local
34 real estate excise tax account, the local sales and use tax account,
35 the marine resources stewardship trust account, the medical aid
36 account, the mobile home park relocation fund, the motor vehicle
37 fund, the motorcycle safety education account, the multimodal
38 transportation account, the multiuse roadway safety account, the
39 municipal criminal justice assistance account, the natural resources
40 deposit account, the oyster reserve land account, the pension funding

1 stabilization account, the perpetual surveillance and maintenance
2 account, the public employees' retirement system plan 1 account, the
3 public employees' retirement system combined plan 2 and plan 3
4 account, the public facilities construction loan revolving account
5 beginning July 1, 2004, the public health supplemental account, the
6 public works assistance account, the Puget Sound capital construction
7 account, the Puget Sound ferry operations account, the Puget Sound
8 taxpayer accountability account, the real estate appraiser commission
9 account, the recreational vehicle account, the regional mobility
10 grant program account, the resource management cost account, the
11 rural arterial trust account, the rural mobility grant program
12 account, the rural Washington loan fund, the site closure account,
13 the skilled nursing facility safety net trust fund, the small city
14 pavement and sidewalk account, the special category C account, the
15 special wildlife account, the state employees' insurance account, the
16 state employees' insurance reserve account, the state investment
17 board expense account, the state investment board commingled trust
18 fund accounts, the state patrol highway account, the state route
19 number 520 civil penalties account, the state route number 520
20 corridor account, the state wildlife account, the supplemental
21 pension account, the Tacoma Narrows toll bridge account, the
22 teachers' retirement system plan 1 account, the teachers' retirement
23 system combined plan 2 and plan 3 account, the tobacco prevention and
24 control account, the tobacco settlement account, the toll facility
25 bond retirement account, the transportation 2003 account (nickel
26 account), the transportation equipment fund, the transportation fund,
27 the transportation future funding program account, the transportation
28 improvement account, the transportation improvement board bond
29 retirement account, the transportation infrastructure account, the
30 transportation partnership account, the traumatic brain injury
31 account, the tuition recovery trust fund, the University of
32 Washington bond retirement fund, the University of Washington
33 building account, the volunteer firefighters' and reserve officers'
34 relief and pension principal fund, the volunteer firefighters' and
35 reserve officers' administrative fund, the Washington judicial
36 retirement system account, the Washington law enforcement officers'
37 and firefighters' system plan 1 retirement account, the Washington
38 law enforcement officers' and firefighters' system plan 2 retirement
39 account, the Washington public safety employees' plan 2 retirement
40 account, the Washington school employees' retirement system combined

1 plan 2 and 3 account, the Washington state health insurance pool
2 account, the Washington state patrol retirement account, the
3 Washington State University building account, the Washington State
4 University bond retirement fund, the water pollution control
5 revolving administration account, the water pollution control
6 revolving fund, the Western Washington University capital projects
7 account, the Yakima integrated plan implementation account, the
8 Yakima integrated plan implementation revenue recovery account, and
9 the Yakima integrated plan implementation taxable bond account.
10 Earnings derived from investing balances of the agricultural
11 permanent fund, the normal school permanent fund, the permanent
12 common school fund, the scientific permanent fund, the state
13 university permanent fund, and the state reclamation revolving
14 account shall be allocated to their respective beneficiary accounts.

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

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

24 NEW SECTION. **Sec. 10.** Sections 1 through 8 of this act
25 constitute a new chapter in Title 82 RCW.

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