**2995-S AMH TARL H5172.1 - NOT FOR FLOOR USE**

**SHB 2995** - H AMD **1420**

By Representative Tarleton

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  (1) The legislature finds that Washington is the nation's leading producer of electricity from hydroelectric sources. The legislature finds that the residents, businesses, and industries of the state have benefited from the relatively low operating costs and reliability of this abundant, renewable energy resource. This legacy of clean hydroelectricity is the foundation upon which the state has built a diverse, vibrant clean technology sector that includes research and development in breakthrough technologies, as well as investment in other renewable and alternative energy resources. The legislature also finds that Washington has long been a steward of its forest resources, and that industries which utilize and encourage the longevity and sustainability of these resources have historically served as the backbone of the state's economy. As the state gradually transitions away from a reliance on fossil fuels and toward clean energy economy, the legislature finds that it should provide support for wood products that assist in long-term sequestration of remaining carbon emissions. The legislature therefore finds that Washington should continue its leadership in conservation, renewable energy development, natural resource stewardship, and climate change mitigation by: Increasing energy efficiency across the state; encouraging investment in the state's clean, nonpolluting, sustainable, and clean energy future; and achieving reductions in the use of fossil fuels in the generation of electricity.

(2) By building on the state's foundation of renewable hydroelectric generation with additional conservation and renewable energy and other alternative resources, the legislature declares that Washington can: Promote energy independence; create high-quality jobs in the clean technology sector; maintain stable and affordable electric rates for all customers; and protect clean air, forests, and water in the Pacific Northwest.

NEW SECTION. **Sec.**  The definitions in this section apply throughout sections 3 through 6 of this act unless the context clearly requires otherwise.

(1) "Attorney general" has the same meaning as provided in RCW 19.285.030.

(2) "Auditor" has the same meaning as provided in RCW 19.285.030.

(3) "Coal-fired resource" means a facility that uses coal-fired generating units, or that uses units fired in whole or in part by coal as feedstock, to generate electricity.

(4) "Commission" means the Washington state utilities and transportation commission.

(5) "Conservation" has the same meaning as provided in RCW 19.285.030.

(6) "Consumer-owned utility" has the same meaning as provided in RCW 19.29A.010.

(7) "Customer" has the same meaning as provided in RCW 19.285.030.

(8) "Department" means the department of commerce or its successor.

(9) "Electric utility" has the same meaning as provided in RCW 19.29A.010.

(10) "Emission" has the same meaning as provided in RCW 70.94.030.

(11) "Fossil fuel" means petroleum products that are intended for combustion, including natural gas, crude oil, petroleum, coal, or coke of any kind, or any form of solid, liquid, or gaseous fuel derived from these products including but not limited to motor vehicle fuel, special fuel, aircraft fuel, marine fuel, still gas, propane, and petroleum residuals such as bunker fuel.

(12) "Fossil fuel generating resource" is an electric generating unit that generates electricity from the combustion or oxidation of fossil fuels.

(13) "Investor-owned utility" has the same meaning as provided in RCW 19.29A.010.

(14) "Low-income" means household income as defined by the department or commission, provided that the definition may not exceed eighty percent of area median household income, or two hundred percent of the federal poverty level, whichever is greater, adjusted for household size.

(15) "Market customer" means a nonresidential customer of an electric utility that: (a) Purchases electricity from an entity or entities other than the electric utility with which it is directly interconnected; or (b) generates electricity to meet its own needs.

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

(17) "Petroleum product" has the same meaning as provided in RCW 82.23A.010.

(18) "Renewable resource" has the same meaning as provided in RCW 19.285.030.

(19) "Rule" means rules adopted by an agency or other entity of Washington state government to carry out the intent and purposes of this chapter.

NEW SECTION. **Sec.**  (1)(a) On or before January 1, 2030, all electric utilities must eliminate from electric rates all costs associated with delivering electricity to Washington customers that is generated from a coal-fired resource. This does not include costs associated with decommissioning and remediation of these facilities.

(b) The commission may accelerate depreciation schedules for any coal-fired resource owned by investor-owned utilities to a date no later than January 1, 2030.

(2) The commission may not extend the depreciation schedule for any fossil fuel generating resource.

(3)(a) Electric utilities and market customers must demonstrate that they have reduced the total number of megawatt-hours from fossil fuel generating resources delivered to Washington customers and used to serve the utility's or market customer's load by one hundred percent by January 1, 2045, and each year thereafter. The commission, in the case of an investor-owned utility, or the department, in the case of a consumer-owned utility, may extend this deadline to a date no later than January 1, 2050, if doing so is found to be beneficial for ensuring reliability or reducing long-term costs to ratepayers.

(b) If the legislature does not adopt alternative interim fossil fuel reduction targets by December 31, 2020, as recommended by the joint select committee on Washington's clean energy transition established under section 7 of this act, then it is the intent of the legislature for electric utilities and market customers to demonstrate that they have reduced the total number of megawatt-hours from fossil fuel generating resources delivered to Washington customers and used to serve the utility's or market customer's load by the following annual targets:

(i) At least twenty-five percent by January 1, 2030, and each year thereafter through December 31, 2034;

(ii) At least fifty percent by January 1, 2035, and each year thereafter through December 31, 2039; and

(iii) At least seventy-five percent by January 1, 2040, and each year thereafter through December 31, 2044.

(4) In order to achieve the targets established under this section, electric utilities and market customers must demonstrate that they have achieved all feasible energy efficiency and conservation measures or investments, reductions in demand, and demand management prior to making new investments to meet projected demand; and, to the maximum extent feasible, must:

(a) Achieve the targets established under this section at the lowest reasonable cost;

(b) Protect existing jobs; and

(c) In the construction of new resources:

(i) Maximize the creation of family wage jobs, insofar as doing so is consistent with (a) of this subsection; and

(ii) Rely on renewable resources and storage.

(5) Any resource for which the environmental attribute or attributes have been sold, transferred, or used for other purposes, except for an electric utility's own compliance with the annual renewable energy targets under RCW 19.285.040, is considered a fossil fuel generating resource for the purposes of this act.

(6) In meeting the targets established under this section, hydroelectric generation may not include new diversions, new impoundments, new bypass reaches, or expansion of existing reservoirs constructed after the effective date of this section unless the diversions, bypass reaches, or reservoir expansions are necessary for the operation of a pumped storage facility that: (a) Does not conflict with existing state or federal fish recovery plans; and (b) complies with all local, state, and federal laws and regulations.

NEW SECTION. **Sec.**  (1)(a) For an investor-owned utility, the commission must determine compliance with the provisions of this act and enforce rules established under section 6 of this act.

(b) For a consumer-owned utility, the department must determine, and the attorney general must enforce, compliance with the provisions of this act consistent with the rules established under section 6 of this act.

(c) For a market customer, the auditor must determine, and the attorney general must enforce, compliance with the provisions of this act, except that the commission must determine compliance with section 3 of this act for a market customer of an investor-owned utility.

(2)(a) By June 1, 2025, and annually thereafter, each electric utility and market customer must report to the department and the joint select committee on Washington's clean energy transition established under section 7 of this act on progress towards the reduction in the total number of megawatt hours and emissions from fossil fuel generating resources under section 3 of this act. This report must identify whether each electric utility is exceeding its reduction targets, meeting its reduction targets, or falling short of its reduction targets.

(b) Each investor-owned utility must also report all information required in (a) of this subsection to the commission.

(c) All electric utilities must also make reports required in this section available to its customers and each market customer must make all information required in this subsection available to the attorney general.

NEW SECTION. **Sec.**  (1)(a) The legislature finds and declares all of the following:

(i) There is insufficient information available to fully realize the potential of solar photovoltaic energy generation to serve low-income customers, including those in disadvantaged communities.

(ii) There is insufficient understanding of the barriers to access for low-income customers to all forms of renewable energy being generated in the state.

(iii) There is insufficient understanding of the barriers to access for low-income customers to energy efficiency investments.

(iv) There is insufficient understanding of the barriers to access for low-income customers to zero emission and near-zero emission transportation options.

(b) By January 1, 2019, the department, with input from relevant state agencies and the public, must develop and publish a study on:

(i) Barriers for low-income customers, including those in disadvantaged communities, to energy efficiency and weatherization investments, as well as recommendations on how to increase access to energy efficiency and weatherization investments to low-income customers; and

(ii) Barriers for low-income customers, including those in disadvantaged communities, to zero emission and near-zero emission transportation options, as well as recommendations on how to increase access to zero emission and near-zero emission transportation options to low-income customers, including those in disadvantaged communities.

(2) By January 1, 2025, the department, with input from relevant state agencies and the public, must develop and publish a study on:

(a) The impact of this act on utility rates as it affects individuals of varying income levels, ethnic backgrounds, and racial backgrounds; and

(b) Projected and current worker hours in construction, manufacturing, operations, and maintenance created as a result of compliance with the requirements of this act. The study must also include estimates of direct, indirect, and induced job creation. The study must be repeated every five years.

(3) Three years prior to each fossil fuel reduction target established under section 3 of this act, the commission and the department must:

(a) Jointly evaluate whether the requirements established in section 3 of this act are expected to be met by each electric utility; and

(b) If the requirements are not expected to be met by each electric utility:

(i) Identify whether technology obstacles exist that prevent compliance; and

(ii) Provide policy recommendations to aid in compliance.

(4) The definitions in RCW 19.285.030 apply throughout this section.

(5) This section expires July 1, 2051.

NEW SECTION. **Sec.**  (1) The commission, in the case of investor-owned utilities, and the department, in the case of consumer-owned utilities, must adopt rules by 2025 to implement sections 3 and 4 of this act. In adopting the rules, the commission and the department must include, but not be limited to, provisions sufficient to achieve successful implementation of this act, penalties that ensure compliance with this act, temporary flexibility mechanisms to ensure reliable electric service, and appropriate mechanisms for monitoring fossil fuel use.

(2) An electric utility or market customer is not subject to any penalties adopted under this section by rule for the use of any of the following resources prior to December 31, 2045:

(a) Any purchase at any time by an electric utility from the Bonneville power administration up to a designated amount equal to the utility's contract high water mark amount identified in a Bonneville regional dialogue power sales contract, in effect as of the effective date of this section;

(b) Generating resources owned as of the effective date of this section by an electric utility or market customer and used by that utility or market customer to meet the needs of its customers or its load, until the generating resources are at the end of the facility's useful life, are retired, or cease operations;

(c) Contracts from generating resources qualifying under (b) of this subsection consumed by an electric utility or market customer that does not otherwise own generating resources;

(d) Electricity generation from any natural gas-fired generating resource where the total amount of natural gas generation acquired from all additions does not exceed one percent of the electric utility's retail load or a market customer's load for each year; or

(e) Short-term spot market purchases.

NEW SECTION. **Sec.**  (1) The legislature finds that a transition to one hundred percent fossil fuel free electricity is necessary to protect Washingtonians from undue risks associated with climate change, desired by the public, and technically feasible, but that the implementation of this act would benefit from deeper engagement with stakeholders and additional analysis to minimize costs, ensure reliability, and maximize benefits to Washington state, its residents, and businesses.

(2)(a) A joint select committee on Washington's clean energy transition is established, with voting members as provided in this subsection (2)(a).

(i) The president of the senate shall appoint two members and one alternate from each of the two largest caucuses of the senate.

(ii) The speaker of the house of representatives shall appoint two members and one alternate from each of the two largest caucuses of the house of representatives.

(b) The committee shall choose cochairs from among its membership, one from the senate and one from the house of representatives. The chair of the joint committee on energy supply and energy conservation shall convene the initial meeting of the committee.

(3) The committee must review the timeline, necessary technological and policy changes, and costs and benefits associated with a statewide transition to one hundred percent fossil fuel free electricity, including but not limited to a review of the following:

(a) Electric generating resources known to be commercially available in the state and across the Pacific Northwest, the potential applications of energy storage technologies, and replacement resources for baseload fossil fuel generating resources;

(b) Potential impacts of the clean energy transition on grid reliability, the costs borne by Washington ratepayers, and regional electricity markets, including impacts on multistate utilities, energy imbalance markets, wholesale prices, and renewable energy credit markets;

(c) The unique operational and other characteristics of Washington's electric utilities;

(d) The effect of transportation electrification on electric utilities' loads;

(e) The potential policy interactions between the one hundred percent fossil fuel reduction target and other carbon reduction policies;

(f) Federal and state regulatory and legal considerations;

(g) Cost-benefit analyses of different scenarios for achieving the one hundred percent fossil fuel reduction target, including scenarios for a gradual reduction and scenarios for an abrupt reduction;

(h) The role of transportation electrification in achieving the one hundred percent fossil fuel reduction target; and

(i) The role of distributed energy resources planning in achieving the one hundred percent fossil fuel reduction target.

(4) Staff support for the committee must be provided by senate committee services and the house of representatives office of program research.

(5) Legislative members of the committee are reimbursed for travel expenses in accordance with RCW 44.04.120.

(6) The expenses of the committee shall be paid jointly by the senate and the house of representatives. Committee expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(7) The legislative cochairs of the committee must jointly appoint a nonvoting advisory committee consisting of public and private sector individuals to provide technical information and assistance in completing the objectives of the committee. Members of such an advisory committee are not entitled to expense reimbursement. The membership of such an advisory committee must include, but not be limited to:

(a) The governor, or the governor's designee;

(b) The chair of the Washington state utilities and transportation commission, or the chair's designee;

(c) The director of the department of commerce, or the director's designee;

(d) The chair of the energy facility site evaluation council, or the chair's designee;

(e) Public counsel or an advocate for electric utility ratepayers designated by public counsel;

(f) One or more representatives of the state's research universities and other institutions of higher education;

(g) One or more representatives each of the Pacific Northwest national laboratory, the Bonneville power administration, the Northwest power and planning council, and the Western electricity coordinating council;

(h) One or more representatives of investor-owned utilities;

(i) One or more representatives of municipal electric utilities;

(j) One or more representatives of public utility districts;

(k) One or more representatives of rural electric cooperatives;

(l) One or more representatives of organizations which advocate for renewable energy and energy efficiency;

(m) One or more representatives of energy-intensive industries;

(n) One or more representatives of statewide labor organizations;

(o) One or more representatives of communities disproportionately impacted by the effects of climate change and communities of color;

(p) One or more representatives of federally recognized tribes;

(q) One or more representatives of organizations which advocate for low-income residential electric customers;

(r) One or more representatives of organizations which advocate for environmental protection; and

(s) One or more representatives of statewide organizations representing workers in the electrical sector.

(8) Experts in the private sector related to clean energy technologies must be identified by members of the committee and invited to participate in meetings with members of the advisory committee, as appropriate.

(9)(a) Between July 1, 2018, and September 30, 2019, the committee must convene at least three meetings with members of the advisory committee established under subsection (7) of this section.

(b) By December 1, 2019, the committee must submit a report of its findings and recommendations to the appropriate committees of the legislature. The report must include a recommendation for proposed legislation to be considered during the 2020 regular legislative session that includes but is not limited to the following:

(i) A schedule by which each electric utility must meet the fossil fuel reduction target established under section 3(3)(b) of this act, with certain fossil fuel reduction targets specified for the years 2030, 2035, and 2040;

(ii) Measures for implementing the schedule that ensure that each electric utility is making real, measurable, and verifiable progress toward meeting its fossil fuel reduction targets; and

(iii) Measures for implementing the schedule that ensure flexibility, grid reliability, and rate stability, such as allowing for a utility's de minimis use of natural gas up to one percent of the utility's retail load.

(c) In order for a recommendation to be included in the report, it must be supported by a majority of the committee's voting members. Minority reports or comments must be included in the report. Votes taken by the committee regarding any aspect of the committee's deliberations, findings, or recommendations must be conducted at a public meeting that has been publicized in accordance with the rules of the senate and the house of representatives.

(10) The department of commerce, the Washington state utilities and transportation commission, the department of ecology, and the Washington State University extension energy program shall cooperate with the committee and provide information as the cochairs may reasonably request.

(11) This section expires January 1, 2051.

**Sec.**  RCW 19.285.030 and 2017 c 315 s 1 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Attorney general" means the Washington state office of the attorney general.

(2) "Auditor" means: (a) The Washington state auditor's office or its designee for qualifying utilities under its jurisdiction that are not investor‑owned utilities; or (b) an independent auditor selected by a qualifying utility that is not under the jurisdiction of the state auditor and is not an investor‑owned utility.

(3)(a) "Biomass energy" includes: (i) Organic by-products of pulping and the wood manufacturing process; (ii) animal manure; (iii) solid organic fuels from wood; (iv) forest or field residues; (v) untreated wooden demolition or construction debris; (vi) food waste and food processing residuals; (vii) liquors derived from algae; (viii) dedicated energy crops; and (ix) yard waste.

(b) "Biomass energy" does not include: (i) Wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; (ii) wood from old growth forests; or (iii) municipal solid waste.

(4) "Coal transition power" has the same meaning as defined in RCW 80.80.010.

(5) "Commission" means the Washington state utilities and transportation commission.

(6) "Conservation" means any reduction in electric power consumption resulting from increases in the efficiency of energy use, production, or distribution.

(7) "Consumer-owned utility" has the same meaning as defined in RCW 19.29A.010.

(8) "Cost-effective" has the same meaning as defined in RCW 80.52.030.

((~~(8)~~)) (9) "Council" means the Washington state apprenticeship and training council within the department of labor and industries.

((~~(9)~~)) (10) "Customer" means a person or entity that purchases electricity for ultimate consumption and not for resale.

((~~(10)~~)) (11) "Department" means the department of commerce or its successor.

((~~(11)~~)) (12) "Distributed generation" means an eligible renewable resource where the generation facility or any integrated cluster of such facilities has a generating capacity of not more than five megawatts.

((~~(12)~~)) (13) "Eligible renewable resource" means:

(a) Electricity from a generation facility powered by a renewable resource other than freshwater that commences operation after March 31, 1999, where: (i) The facility is located in the Pacific Northwest; or (ii) the electricity from the facility is delivered into Washington state on a real‑time basis without shaping, storage, or integration services;

(b) Incremental electricity produced as a result of efficiency improvements completed after March 31, 1999, to hydroelectric generation projects owned by a qualifying utility and located in the Pacific Northwest where the additional generation does not result in new water diversions or impoundments;

(c) Hydroelectric generation from a project completed after March 31, 1999, where the generation facility is located in irrigation pipes, irrigation canals, water pipes whose primary purpose is for conveyance of water for municipal use, and wastewater pipes located in Washington where the generation does not result in new water diversions or impoundments;

(d) Qualified biomass energy;

(e) For a qualifying utility that serves customers in other states, electricity from a generation facility powered by a renewable resource other than freshwater that commences operation after March 31, 1999, where: (i) The facility is located within a state in which the qualifying utility serves retail electrical customers; and (ii) the qualifying utility owns the facility in whole or in part or has a long-term contract with the facility of at least twelve months or more; ((~~or~~))

(f) Beginning January 1, 2018, the portion of incremental electricity produced as a result of efficiency improvements completed after March 31, 1999, attributable to a qualifying utility's Washington share of electricity output from hydroelectric generation projects whose energy output is marketed by the Bonneville power administration, where the additional generation does not result in water diversions or impoundments; or

(g)(i) Incremental electricity produced as a result of a capital investment completed after January 1, 2010, that increases, relative to a baseline level of generation prior to the capital investment, the amount of electricity generated in a facility that generates qualified biomass energy as defined under subsection ((~~(18)~~)) (19)(c)(ii) of this section and that commenced operation before March 31, 1999.

(ii) Beginning January 1, 2007, the facility must demonstrate its baseline level of generation over a three-year period prior to the capital investment in order to calculate the amount of incremental electricity produced.

(iii) The facility must demonstrate that the incremental electricity resulted from the capital investment, which does not include expenditures on operation and maintenance in the normal course of business, through direct or calculated measurement.

((~~(13)~~)) (14) "Investor-owned utility" has the same meaning as defined in RCW 19.29A.010.

((~~(14)~~)) (15) "Load" means the amount of kilowatt-hours of electricity delivered in the most recently completed year by a qualifying utility to its Washington retail customers.

((~~(15)~~)) (16)(a) "Nonpower attributes" means all environmentally related characteristics, exclusive of energy, capacity reliability, and other electrical power service attributes, that are associated with the generation of electricity from a renewable resource, including but not limited to the facility's fuel type, geographic location, vintage, qualification as an eligible renewable resource, and avoided emissions of pollutants to the air, soil, or water, and avoided emissions of carbon dioxide and other greenhouse gases.

(b) "Nonpower attributes" does not include any aspects, claims, characteristics, and benefits associated with the on-site capture and destruction of methane or other greenhouse gases at a facility through a digester system, landfill gas collection system, or other mechanism, which may be separately marketable as greenhouse gas emission reduction credits, offsets, or similar tradable commodities. However, these separate avoided emissions may not result in or otherwise have the effect of attributing greenhouse gas emissions to the electricity.

((~~(16)~~)) (17) "Pacific Northwest" has the same meaning as defined for the Bonneville power administration in section 3 of the Pacific Northwest electric power planning and conservation act (94 Stat. 2698; 16 U.S.C. Sec. 839a).

((~~(17)~~)) (18) "Public facility" has the same meaning as defined in RCW 39.35C.010.

((~~(18)~~)) (19) "Qualified biomass energy" means electricity produced from a biomass energy facility that: (a) Commenced operation before March 31, 1999; (b) contributes to the qualifying utility's load; and (c) is owned either by: (i) A qualifying utility; or (ii) an industrial facility that is directly interconnected with electricity facilities that are owned by a qualifying utility and capable of carrying electricity at transmission voltage.

((~~(19)~~)) (20) "Qualifying utility" means an electric utility, as the term "electric utility" is defined in RCW 19.29A.010, that serves more than twenty‑five thousand customers in the state of Washington. The number of customers served may be based on data reported by a utility in form 861, "annual electric utility report," filed with the energy information administration, United States department of energy.

((~~(20)~~)) (21) "Renewable energy credit" means a tradable certificate of proof of at least one megawatt-hour of an eligible renewable resource where the generation facility is not powered by freshwater. The certificate includes all of the nonpower attributes associated with that one megawatt-hour of electricity, and the certificate is verified by a renewable energy credit tracking system selected by the department.

((~~(21)~~)) (22) "Renewable resource" means: (a) Water; (b) wind; (c) solar energy; (d) geothermal energy; (e) landfill gas; (f) wave, ocean, or tidal power; (g) gas from sewage treatment facilities; (h) biodiesel fuel as defined in RCW 82.29A.135 that is not derived from crops raised on land cleared from old growth or first-growth forests where the clearing occurred after December 7, 2006; or (i) biomass energy.

((~~(22)~~)) (23) "Rule" means rules adopted by an agency or other entity of Washington state government to carry out the intent and purposes of this chapter.

((~~(23)~~)) (24) "Washington share" means the portion of the federal Columbia river power system generation attributable to the Washington load of hydroelectric efficiency upgrades that the Bonneville power administration provides to: (a) Each consumer-owned utility serving load located in Washington, pursuant to a contract; (b) each joint operating agency with retail electric utility members serving load located in Washington, pursuant to a contract; and (c) each investor-owned utility participating in the residential exchange program that serves load located in Washington.

(25) "Year" means the twelve-month period commencing January 1st and ending December 31st.

**Sec.**  RCW 19.285.040 and 2017 c 315 s 2 are each amended to read as follows:

(1) Each qualifying utility shall pursue all available conservation that is cost-effective, reliable, and feasible.

(a) By January 1, 2010, using methodologies consistent with those used by the Pacific Northwest electric power and conservation planning council in the most recently published regional power plan as it existed on June 12, 2014, or a subsequent date as may be provided by the department or the commission by rule, each qualifying utility shall identify its achievable cost-effective conservation potential through 2019. Nothing in the rule adopted under this subsection precludes a qualifying utility from using its utility specific conservation measures, values, and assumptions in identifying its achievable cost-effective conservation potential. At least every two years thereafter, the qualifying utility shall review and update this assessment for the subsequent ten-year period.

(b) Beginning January 2010, each qualifying utility shall establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its identification of achievable opportunities in (a) of this subsection, and meet that target during the subsequent two-year period. At a minimum, each biennial target must be no lower than the qualifying utility's pro rata share for that two-year period of its cost-effective conservation potential for the subsequent ten-year period.

(c)(i) Except as provided in (c)(ii) and (iii) of this subsection, beginning on January 1, 2014, cost-effective conservation achieved by a qualifying utility in excess of its biennial acquisition target may be used to help meet the immediately subsequent two biennial acquisition targets, such that no more than twenty percent of any biennial target may be met with excess conservation savings.

(ii) Beginning January 1, 2014, a qualifying utility may use single large facility conservation savings in excess of its biennial target to meet up to an additional five percent of the immediately subsequent two biennial acquisition targets, such that no more than twenty-five percent of any biennial target may be met with excess conservation savings allowed under all of the provisions of this section combined. For the purposes of this subsection (1)(c)(ii), "single large facility conservation savings" means cost-effective conservation savings achieved in a single biennial period at the premises of a single customer of a qualifying utility whose annual electricity consumption prior to the conservation savings exceeded five average megawatts.

(iii) Beginning January 1, 2012, and until December 31, 2017, a qualifying utility with an industrial facility located in a county with a population between ninety-five thousand and one hundred fifteen thousand that is directly interconnected with electricity facilities that are capable of carrying electricity at transmission voltage may use cost-effective conservation from that industrial facility in excess of its biennial acquisition target to help meet the immediately subsequent two biennial acquisition targets, such that no more than twenty-five percent of any biennial target may be met with excess conservation savings allowed under all of the provisions of this section combined.

(d) In meeting its conservation targets, a qualifying utility may count high-efficiency cogeneration owned and used by a retail electric customer to meet its own needs. High-efficiency cogeneration is the sequential production of electricity and useful thermal energy from a common fuel source, where, under normal operating conditions, the facility has a useful thermal energy output of no less than thirty-three percent of the total energy output. The reduction in load due to high-efficiency cogeneration shall be: (i) Calculated as the ratio of the fuel chargeable to power heat rate of the cogeneration facility compared to the heat rate on a new and clean basis of a best‑commercially available technology combined‑cycle natural gas‑fired combustion turbine; and (ii) counted towards meeting the biennial conservation target in the same manner as other conservation savings.

(e) The commission may determine if a conservation program implemented by an investor-owned utility is cost‑effective based on the commission's policies and practice.

(f) The commission may rely on its standard practice for review and approval of investor‑owned utility conservation targets.

(2)(a) Except as provided in (j) of this subsection, each qualifying utility shall use eligible renewable resources or acquire equivalent renewable energy credits, or any combination of them, to meet the following annual targets:

(i) At least three percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;

(ii) At least nine percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and

(iii) At least fifteen percent of its load by January 1, 2020, and each year thereafter.

(b) A qualifying utility may count distributed generation at double the facility's electrical output if the utility: (i) Owns or has contracted for the distributed generation and the associated renewable energy credits; or (ii) has contracted to purchase the associated renewable energy credits.

(c) In meeting the annual targets in (a) of this subsection, a qualifying utility shall calculate its annual load based on the average of the utility's load for the previous two years.

(d) A qualifying utility shall be considered in compliance with an annual target in (a) of this subsection if: (i) The utility's weather-adjusted load for the previous three years on average did not increase over that time period; (ii) after December 7, 2006, the utility did not commence or renew ownership or incremental purchases of electricity from resources other than coal transition power or renewable resources other than on a daily spot price basis and the electricity is not offset by equivalent renewable energy credits; and (iii) the utility invested at least one percent of its total annual retail revenue requirement that year on eligible renewable resources, renewable energy credits, or a combination of both.

(e) The requirements of this section may be met for any given year with renewable energy credits produced during that year, the preceding year, or the subsequent year. Each renewable energy credit may be used only once to meet the requirements of this section.

(f) In complying with the targets established in (a) of this subsection, a qualifying utility may not count:

(i) Eligible renewable resources or distributed generation where the associated renewable energy credits are owned by a separate entity; or

(ii) Eligible renewable resources or renewable energy credits obtained for and used in an optional pricing program such as the program established in RCW 19.29A.090.

(g) Where fossil and combustible renewable resources are cofired in one generating unit located in the Pacific Northwest where the cofiring commenced after March 31, 1999, the unit shall be considered to produce eligible renewable resources in direct proportion to the percentage of the total heat value represented by the heat value of the renewable resources.

(h)(i) A qualifying utility that acquires an eligible renewable resource or renewable energy credit may count that acquisition at one and two-tenths times its base value:

(A) Where the eligible renewable resource comes from a facility that commenced operation after December 31, 2005; and

(B) Where the developer of the facility used apprenticeship programs approved by the council during facility construction.

(ii) The council shall establish minimum levels of labor hours to be met through apprenticeship programs to qualify for this extra credit.

(i) A qualifying utility shall be considered in compliance with an annual target in (a) of this subsection if events beyond the reasonable control of the utility that could not have been reasonably anticipated or ameliorated prevented it from meeting the renewable energy target. Such events include weather‑related damage, mechanical failure, strikes, lockouts, and actions of a governmental authority that adversely affect the generation, transmission, or distribution of an eligible renewable resource under contract to a qualifying utility.

(j)(i) Beginning January 1, 2016, only a qualifying utility that owns or is directly interconnected to a qualified biomass energy facility may use qualified biomass energy to meet its compliance obligation under this subsection.

(ii) A qualifying utility may no longer use electricity and associated renewable energy credits from a qualified biomass energy facility if the associated industrial pulping or wood manufacturing facility ceases operation other than for purposes of maintenance or upgrade.

(k) An industrial facility that hosts a qualified biomass energy facility may only transfer or sell renewable energy credits associated with qualified biomass energy generated at its facility to the qualifying utility with which it is directly interconnected with facilities owned by such a qualifying utility and that are capable of carrying electricity at transmission voltage. The qualifying utility may only use an amount of renewable energy credits associated with qualified biomass energy that are equivalent to the proportionate amount of its annual targets under (a)(ii) and (iii) of this subsection that was created by the load of the industrial facility. A qualifying utility that owns a qualified biomass energy facility may not transfer or sell renewable energy credits associated with qualified biomass energy to another person, entity, or qualifying utility.

(l) Beginning January 1, 2018, a qualifying utility may use eligible renewable resources identified in RCW 19.285.030(13)(f) to meet its compliance obligations under this section. A qualifying utility may not transfer or sell these eligible renewable resources to another utility for compliance purposes under this chapter.

(3) Utilities that become qualifying utilities after December 31, 2006, shall meet the requirements in this section on a time frame comparable in length to that provided for qualifying utilities as of December 7, 2006.

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the tax preferences contained in sections 13, 15, 17, and 21, chapter . . ., Laws of 2018 (sections 13, 15, 17, and 21 of this act). The performance statement is only intended to be used for subsequent evaluation of the tax preferences. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes the tax preferences as ones intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(3) It is the legislature's specific public policy objective to increase the production of renewable natural gas in Washington state. It is the legislature's intent to reinstate and expand tax incentives for certain landfills and anaerobic digesters in order to stimulate investment in biogas capture and conditioning, compression, nutrient recovery, and use of renewable natural gas for heating, electricity generation, and transportation fuel.

(4) To measure the effectiveness of the tax preferences in sections 13, 15, 17, and 21, chapter . . ., Laws of 2018 (sections 13, 15, 17, and 21 of this act) in achieving the public policy objectives described in subsection (3) of this section, the joint legislative audit and review committee must evaluate the number of public and private landfills and anaerobic digesters producing renewable natural gas in the state and the extent to which they are utilizing these incentives.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the department of revenue must provide data needed for the joint legislative audit and review committee analysis. In addition to the data source described under this subsection, the joint legislative audit and review committee may use any other data it deems necessary.

**Sec.**  RCW 82.04.260 and 2017 c 135 s 11 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate of 0.138 percent;

(b) Beginning July 1, 2025, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c)(i) Except as provided otherwise in (c)(iii) of this subsection, from July 1, 2025, until January 1, 2036, dairy products; or selling dairy products that the person has manufactured to purchasers who either transport in the ordinary course of business the goods out of state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product; as to such persons the tax imposed is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(ii) For the purposes of this subsection (1)(c), "dairy products" means:

(A) Products, not including any marijuana-infused product, that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products, such as whey and casein; and

(B) Products comprised of not less than seventy percent dairy products that qualify under (c)(ii)(A) of this subsection, measured by weight or volume.

(iii) The preferential tax rate provided to taxpayers under this subsection (1)(c) does not apply to sales of dairy products on or after July 1, 2023, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product;

(d)(i) Beginning July 1, 2025, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state.

(ii) For purposes of this subsection (1)(d), "fruits" and "vegetables" do not include marijuana, useable marijuana, or marijuana-infused products; and

(e) ((~~Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of alcohol fuel, biodiesel fuel, or biodiesel feedstock manufactured, multiplied by the rate of 0.138 percent; and~~

~~(f)~~)) Wood biomass fuel ((~~as defined in RCW 82.29A.135~~)); as to such persons the amount of tax with respect to the business is equal to the value of wood biomass fuel manufactured, multiplied by the rate of 0.138 percent. For the purposes of this section, "wood biomass fuel" means a liquid or gaseous fuel that is produced from lignocellulosic feedstocks, including wood, forest, field residue, and dedicated energy crops, and that does not include wood treated with chemical preservations such as creosote, pentachlorophenol, or copper-chrome-arsenic.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate of 0.138 percent.

(3) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate of 0.138 percent.

(5) Upon every person engaging within this state in the business of acting as a travel agent or tour operator; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(6) Upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(7) Upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce; as to such persons the amount of tax with respect to such business is equal to the gross proceeds derived from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling prior to delivery to consignee; terminal stevedoring and incidental vessel services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

(8)(a) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW 43.145.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

(b) If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

(9) Upon every person engaging within this state as an insurance producer or title insurance agent licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

(10) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter.

(11)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

(ii) 0.2904 percent beginning July 1, 2007.

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection (11) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of 0.2904 percent.

(c) For the purposes of this subsection (11), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d) In addition to all other requirements under this title, a person reporting under the tax rate provided in this subsection (11) must file a complete annual tax performance report with the department under RCW 82.32.534.

(e)(i) Except as provided in (e)(ii) of this subsection (11), this subsection (11) does not apply on and after July 1, 2040.

(ii) With respect to the manufacturing of commercial airplanes or making sales, at retail or wholesale, of commercial airplanes, this subsection (11) does not apply on and after July 1st of the year in which the department makes a determination that any final assembly or wing assembly of any version or variant of a commercial airplane that is the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850 has been sited outside the state of Washington. This subsection (11)(e)(ii) only applies to the manufacturing or sale of commercial airplanes that are the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850.

(12)(a) Until July 1, ((~~2024~~)) 2045, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, ((~~2024~~)) 2045.

(b) Until July 1, ((~~2024~~)) 2045, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; or (ii) timber products into other timber products or wood products; as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, ((~~2024~~)) 2045.

(c) Until July 1, ((~~2024~~)) 2045, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted by that person; (ii) timber products manufactured by that person from timber or other timber products; or (iii) wood products manufactured by that person from timber or timber products; as to such persons the amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products, or wood products multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, ((~~2024~~)) 2045.

(d) Until July 1, ((~~2024~~)) 2045, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection (12)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within thirty months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than fifty percent recycled paper and that also use nonpetroleum‑based phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having fifty percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection (12)(e)(iii), "postconsumer waste" means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recovered paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection (12) must file a complete annual tax performance report with the department under RCW 82.32.534.

(13) Upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(14)(a) Upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.35 percent until July 1, 2024, and 0.484 percent thereafter.

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

**Sec.**  RCW 82.04.261 and 2017 c 323 s 501 are each amended to read as follows:

(1) In addition to the taxes imposed under RCW 82.04.260(12), a surcharge is imposed on those persons who are subject to any of the taxes imposed under RCW 82.04.260(12). Except as otherwise provided in this section, the surcharge is equal to 0.052 percent. The surcharge is added to the rates provided in RCW 82.04.260(12) (a), (b), (c), and (d). ((~~The surcharge and this section expire July 1, 2024.~~))

(2) All receipts from the surcharge imposed under this section must be deposited into the forest and fish support account created in RCW 76.09.405.

(3)(a) The surcharge imposed under this section is suspended if:

(i) Receipts from the surcharge total at least eight million dollars during any fiscal biennium; or

(ii) The office of financial management certifies to the department that the federal government has appropriated at least two million dollars for participation in forest and fish report‑related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington for any federal fiscal year.

(b)(i) The suspension of the surcharge under (a)(i) of this subsection (3) takes effect on the first day of the calendar month that is at least thirty days after the end of the month during which the department determines that receipts from the surcharge total at least eight million dollars during the fiscal biennium. The surcharge is imposed again at the beginning of the following fiscal biennium.

(ii) The suspension of the surcharge under (a)(ii) of this subsection (3) takes effect on the later of the first day of October of any federal fiscal year for which the federal government appropriates at least two million dollars for participation in forest and fish report‑related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington, or the first day of a calendar month that is at least thirty days following the date that the office of financial management makes a certification to the department under subsection (5) of this section. The surcharge is imposed again on the first day of the following July.

(4)(a) If, by October 1st of any federal fiscal year, the office of financial management certifies to the department that the federal government has appropriated funds for participation in forest and fish report‑related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington but the amount of the appropriation is less than two million dollars, the department must adjust the surcharge in accordance with this subsection.

(b) The department must adjust the surcharge by an amount that the department estimates will cause the amount of funds deposited into the forest and fish support account for the state fiscal year that begins July 1st and that includes the beginning of the federal fiscal year for which the federal appropriation is made, to be reduced by twice the amount of the federal appropriation for participation in forest and fish report-related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington.

(c) Any adjustment in the surcharge takes effect at the beginning of a calendar month that is at least thirty days after the date that the office of financial management makes the certification under subsection (5) of this section.

(d) The surcharge is imposed again at the rate provided in subsection (1) of this section on the first day of the following state fiscal year unless the surcharge is suspended under subsection (3) of this section or adjusted for that fiscal year under this subsection.

(e) Adjustments of the amount of the surcharge by the department are final and may not be used to challenge the validity of the surcharge imposed under this section.

(f) The department must provide timely notice to affected taxpayers of the suspension of the surcharge or an adjustment of the surcharge.

(5) The office of financial management must make the certification to the department as to the status of federal appropriations for tribal participation in forest and fish report-related activities.

(6) This section expires July 1, 2045.

**Sec.**  RCW 82.08.900 and 2015 c 86 s 202 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales to an eligible person:

(a) In respect to equipment necessary to process biogas from a landfill into marketable coproducts, including but not limited to biogas conditioning, compression, and electrical generation equipment, or to services rendered in respect to installing, constructing, repairing, cleaning, altering, or improving equipment necessary to process biogas from a landfill into marketable coproducts; and

(b) Establishing or operating an anaerobic digester or to services rendered in respect to installing, constructing, repairing, cleaning, altering, or improving an anaerobic digester, or to sales of tangible personal property that becomes an ingredient or component of the anaerobic digester. ((~~The anaerobic digester must be used primarily to treat livestock manure.~~))

(2) A person claiming an exemption under this section must keep records necessary for the department to verify eligibility under this section. Sellers may make tax exempt sales under this section only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(3) The definitions in this subsection apply to this section and RCW 82.12.900 unless the context clearly requires otherwise:

(a) "Anaerobic digester" means a facility that processes ((~~manure from livestock into biogas and dried manure~~)) organic material into biogas and digestate using microorganisms in a decomposition process within a closed, oxygen-free container as well as the equipment necessary to process biogas or digestate produced by an anaerobic digester into marketable coproducts, including but not limited to biogas conditioning, compression, nutrient recovery, and electrical generation equipment.

(b) "Eligible person" means any person establishing or operating an anaerobic digester ((~~to treat primarily livestock manure~~)) or landfill.

((~~(c) "Primarily" means more than fifty percent measured by volume or weight.~~))

**Sec.**  RCW 82.08.962 and 2017 3rd sp.s. c 36 s 14 are each amended to read as follows:

(1)(a) Except as provided in RCW 82.08.963, purchasers who have paid the tax imposed by RCW 82.08.020 on machinery and equipment used directly in generating electricity using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, ((~~anaerobic digestion,~~)) or technology that converts otherwise lost energy from exhaust((~~, or landfill gas as the principal source of power~~)), or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, are eligible for an exemption as provided in this section, but only if the purchaser develops with such machinery, equipment, and labor a facility capable of generating not less than one thousand watts of electricity.

(b) Beginning on July 1, 2009, through June 30, 2011, the tax levied by RCW 82.08.020 does not apply to the sale of machinery and equipment described in (a) of this subsection that are used directly in generating electricity or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment.

(c) Beginning on July 1, 2011, through ((~~January 1, 2020~~)) December 31, 2019, the amount of the exemption under this subsection (1) is equal to seventy-five percent of the state and local sales tax paid. The purchaser is eligible for an exemption under this subsection (1)(c) in the form of a remittance. Machinery and equipment used directly in generating electricity from labor and services rendered in respect to installing such machinery and equipment, is not eligible under this subsection (1)(c).

(d)(i) Beginning January 1, 2020, through December 31, 2044, a purchaser who has paid the tax imposed by RCW 82.08.020 is eligible for the exemption under this subsection (1) in the form of a remittance. The total amount of remittances that a purchaser may receive under this subsection (1)(d) and under RCW 82.12.962(1)(d) is limited to the lesser of the full amount of the state sales or use tax paid or one hundred twenty-five thousand dollars per fiscal year. The remittance under this subsection (1)(d) is for the state portion of the sales tax only and applies only to purchases of machinery and equipment eligible for an exemption under this section, and labor and services rendered in respect to installing such machinery and equipment, occurring on or after January 1, 2020.

(ii) A purchaser claiming an exemption from tax in the form of a remittance under this subsection (1)(d) must pay the tax imposed by RCW 82.08.020 on such purchases eligible for the remittance. The purchaser may then apply to the department for remittance of all or part of the tax paid under RCW 82.08.020 on such purchases, subject to the limits in (d)(i) and (iii) of this subsection. A purchaser may not apply for a remittance under this subsection (1)(d) more frequently than once per quarter. The purchaser must specify the amount of exempted tax claimed and the qualifying purchases for which the exemption is claimed. The purchaser must retain, in adequate detail, records to enable the department to determine whether the purchaser is entitled to an exemption under this section, including: Invoices; proof of tax paid; and documents describing the machinery and equipment. The department must determine eligibility under this subsection (1)(d) based on the information provided by the purchaser, which is subject to audit verification by the department. The department must on a quarterly basis remit exempted amounts to qualifying purchasers who submitted applications during the previous quarter.

(iii)(A) The remittance under this subsection (1)(d) is only available on a first-in-time basis. The department must keep a running total of all approved remittances under this section and RCW 82.12.962(1)(d) during each fiscal year. The department may not allow any remittance that would cause the total amount of remittances allowed under this section and RCW 82.12.962(1)(d) to exceed five million dollars in any fiscal year.

(B) The department must provide notification on its web site monthly of the amount remaining before the statewide annual limit in this subsection (1)(d) is reached.

(2) For purposes of this section and RCW 82.12.962, the following definitions apply:

(a) "Biomass energy" includes: (i) By-products of pulping and wood manufacturing process; (ii) animal waste; (iii) solid organic fuels from wood; (iv) forest or field residues; (v) wooden demolition or construction debris; (vi) food waste; (vii) liquors derived from algae and other sources; (viii) dedicated energy crops; (ix) biosolids; and (x) yard waste. "Biomass energy" does not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; wood from old growth forests; or municipal solid waste.

(b) "Fuel cell" means an electrochemical reaction that generates electricity by combining atoms of hydrogen and oxygen in the presence of a catalyst.

(c) ((~~"Landfill gas" means biomass fuel, of the type qualified for federal tax credits under Title 26 U.S.C. Sec. 29 of the federal internal revenue code, collected from a "landfill" as defined under RCW 70.95.030.~~

~~(d)~~))(i) "Machinery and equipment" means fixtures, devices, and support facilities that are integral and necessary to the generation of electricity using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, ((~~anaerobic digestion,~~)) or technology that converts otherwise lost energy from exhaust((~~, or landfill gas as the principal source of power~~)).

(ii) "Machinery and equipment" does not include: (A) Hand-powered tools; (B) property with a useful life of less than one year; (C) repair parts required to restore machinery and equipment to normal working order; (D) replacement parts that do not increase productivity, improve efficiency, or extend the useful life of machinery and equipment; (E) buildings; or (F) building fixtures that are not integral and necessary to the generation of electricity that are permanently affixed to and become a physical part of a building.

(3)(a) Machinery and equipment is "used directly" in generating electricity by wind energy, solar energy, biomass energy, tidal or wave energy, geothermal resources, ((~~anaerobic digestion,~~)) or technology that converts otherwise lost energy from exhaust((~~, or landfill gas power~~)) if it provides any part of the process that captures the energy of the wind, sun, biomass energy, tidal or wave energy, geothermal resources, ((~~anaerobic digestion,~~)) or technology that converts otherwise lost energy from exhaust, ((~~or landfill gas,~~)) converts that energy to electricity, and stores, transforms, or transmits that electricity for entry into or operation in parallel with electric transmission and distribution systems.

(b) Machinery and equipment is "used directly" in generating electricity by fuel cells if it provides any part of the process that captures the energy of the fuel, converts that energy to electricity, and stores, transforms, or transmits that electricity for entry into or operation in parallel with electric transmission and distribution systems.

(4)(a) A purchaser claiming an exemption in the form of a remittance under subsection (1)(c) of this section must pay the tax imposed by RCW 82.08.020 and all applicable local sales taxes imposed under the authority of chapters 82.14 and 81.104 RCW. The purchaser may then apply to the department for remittance in a form and manner prescribed by the department. A purchaser may not apply for a remittance under this section more frequently than once per quarter. The purchaser must specify the amount of exempted tax claimed and the qualifying purchases for which the exemption is claimed. The purchaser must retain, in adequate detail, records to enable the department to determine whether the purchaser is entitled to an exemption under this section, including: Invoices; proof of tax paid; and documents describing the machinery and equipment.

(b) The department must determine eligibility under this section based on the information provided by the purchaser, which is subject to audit verification by the department. The department must on a quarterly basis remit exempted amounts to qualifying purchasers who submitted applications during the previous quarter.

(5) The exemption provided by subsection (1)(c) of this section expires September 30, 2017, as it applies to: (a) Machinery and equipment that is used directly in the generation of electricity using solar energy and capable of generating no more than five hundred kilowatts of electricity; or (b) sales of or charges made for labor and services rendered in respect to installing such machinery and equipment.

(6) This section expires January 1, ((~~2020~~)) 2045.

(7) This section is exempt from the provisions of RCW 82.32.808.

**Sec.**  RCW 82.12.900 and 2006 c 151 s 5 are each amended to read as follows:

(1) The provisions of this chapter do not apply with respect to:

(a) Equipment necessary to process biogas from a landfill into marketable coproducts, including but not limited to biogas conditioning, compression, and electrical generation equipment, or to services rendered in respect to installing, constructing, repairing, cleaning, altering, or improving equipment necessary to process biogas from a landfill into marketable coproducts; and

(b) The use of anaerobic digesters, tangible personal property that becomes an ingredient or component of anaerobic digesters, or the use of services rendered in respect to installing, repairing, cleaning, altering, or improving eligible tangible personal property by an eligible person establishing or operating an anaerobic digester, as defined in RCW 82.08.900. ((~~The anaerobic digester must be used primarily to treat livestock manure.~~))

(2) This section expires July 1, 2045.

**Sec.**  RCW 82.12.962 and 2017 3rd sp.s. c 36 s 16 are each amended to read as follows:

(1)(a) Except as provided in RCW 82.12.963, consumers who have paid the tax imposed by RCW 82.12.020 on machinery and equipment used directly in generating electricity using fuel cells, wind, sun, biomass energy, tidal or wave energy, geothermal resources, ((~~anaerobic digestion,~~)) or technology that converts otherwise lost energy from exhaust, ((~~or landfill gas as the principal source of power,~~)) or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, are eligible for an exemption as provided in this section, but only if the purchaser develops with such machinery, equipment, and labor a facility capable of generating not less than one thousand watts of electricity.

(b) Beginning on July 1, 2009, through June 30, 2011, the provisions of this chapter do not apply in respect to the use of machinery and equipment described in (a) of this subsection that are used directly in generating electricity or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment.

(c) Beginning on July 1, 2011, through ((~~January 1, 2020~~)) December 31, 2019, the amount of the exemption under this subsection (1) is equal to seventy-five percent of the state and local sales tax paid. The consumer is eligible for an exemption under this subsection (1)(c) in the form of a remittance. Machinery and equipment used directly in generating electricity from labor and services rendered in respect to installing such machinery and equipment, is not eligible under this subsection (1)(c).

(d) Beginning January 1, 2020, through December 31, 2029, a consumer who has paid the tax imposed by RCW 82.12.020 is eligible for the exemption under this subsection (1) in the form of a remittance. All of the eligibility requirements, conditions, and limitation in RCW 82.08.962(1)(d) apply to this subsection (1)(d).

(2)(a) A person claiming an exemption in the form of a remittance under subsection (1)(c) of this section must pay the tax imposed by RCW 82.12.020 and all applicable local use taxes imposed under the authority of chapters 82.14 and 81.104 RCW. The consumer may then apply to the department for remittance in a form and manner prescribed by the department. A consumer may not apply for a remittance under this section more frequently than once per quarter. The consumer must specify the amount of exempted tax claimed and the qualifying purchases or acquisitions for which the exemption is claimed. The consumer must retain, in adequate detail, records to enable the department to determine whether the consumer is entitled to an exemption under this section, including: Invoices; proof of tax paid; and documents describing the machinery and equipment.

(b) The department must determine eligibility under this section based on the information provided by the consumer, which is subject to audit verification by the department. The department must on a quarterly basis remit exempted amounts to qualifying consumers who submitted applications during the previous quarter.

(3) Purchases exempt under RCW 82.08.962 are also exempt from the tax imposed under RCW 82.12.020.

(4) The definitions in RCW 82.08.962 apply to this section.

(5) The exemption provided in subsection (1) of this section does not apply:

(a) To machinery and equipment used directly in the generation of electricity using solar energy and capable of generating no more than five hundred kilowatts of electricity, or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, when first use within this state of such machinery and equipment, or labor and services, occurs after September 30, 2017; and

(b) To any other machinery and equipment described in subsection (1)(a) of this section, or to sales of or charges made for labor and services rendered in respect to installing such machinery or equipment, when first use within this state of such machinery and equipment, or labor and services, occurs after December 31, ((~~2019~~)) 2029.

(6) This section expires January 1, ((~~2020~~)) 2030.

(7) This section is exempt from the provisions of RCW 82.32.808.

**Sec.**  RCW 84.36.635 and 2010 1st sp.s. c 11 s 4 are each amended to read as follows:

(1) For the purposes of this section((~~:~~

~~(a) "Alcohol fuel" means any alcohol made from a product other than petroleum or natural gas, which is used alone or in combination with gasoline or other petroleum products for use as a fuel for motor vehicles, farm implements, and machines or implements of husbandry.~~

~~(b)~~)), "anaerobic digester" has the same meaning as provided in RCW 82.08.900.

((~~(c) "Biodiesel feedstock" means oil that is produced from an agricultural crop for the sole purpose of ultimately producing biodiesel fuel.~~

~~(d) "Biodiesel fuel" means a mono alkyl ester of long chain fatty acids derived from vegetable oils or animal fats for use in compression-ignition engines and that meets the requirements of the American society of testing and materials specification D 6751 in effect as of January 1, 2003.~~))

(2)((~~(a)~~)) All buildings, machinery, equipment, and other personal property which are used primarily for ((~~the manufacturing of alcohol fuel, biodiesel fuel, biodiesel feedstock, or~~)) the operation of an anaerobic digester, the land upon which this property is located, and land that is reasonably necessary in the ((~~manufacturing of alcohol fuel, biodiesel fuel, biodiesel feedstock, or the~~)) operation of an anaerobic digester, ((~~but not land necessary for growing of crops, which together comprise a new manufacturing facility or an addition to an existing manufacturing facility,~~)) are exempt from property taxation for the six assessment years following the date on which the facility or the addition to the existing facility becomes operational.

((~~(b) For manufacturing facilities which produce products in addition to alcohol fuel, biodiesel fuel, or biodiesel feedstock, the amount of the property tax exemption is based upon the annual percentage of the total value of all products manufactured that is the value of the alcohol fuel, biodiesel fuel, and biodiesel feedstock manufactured.~~))

(3) Claims for exemptions authorized by this section must be filed with the county assessor on forms prescribed by the department of revenue and furnished by the assessor. Once filed, the exemption is valid for six ((~~years~~)) assessment years following the date on which the facility or the addition to the existing facility becomes operational and may not be renewed. The assessor must verify and approve claims as the assessor determines to be justified and in accordance with this section. No claims may be filed after December 31, ((~~2015, except for claims for anaerobic digesters, which may be filed no later than December 31, 2012~~)) 2024.

(4) The department of revenue may promulgate such rules, pursuant to chapter 34.05 RCW, as necessary to properly administer this section.

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

The definitions in this section apply throughout this section and section 19 of this act, unless the context clearly requires otherwise.

(1) "Clean energy investment" means an investment in support of the following eligible projects that reduce, prevent, or remove from the atmosphere the emissions of greenhouse gases in the state: (a) Installation of electric vehicle supply equipment and related infrastructure and other transportation electrification measures; (b) demand-side management of electricity consumption; (c) energy storage technologies; (d) development of projects which generate electricity using eligible renewable resources as defined in RCW 19.285.030; (e) investment in carbon sequestration programs, including investments in forest health; (f) development of projects which facilitate the transition toward renewable natural gas; and (g) development of projects which generate electricity using biomass energy as defined in RCW 19.285.030.

(2) "Consumer-owned energy utility" means any consumer-owned gas distribution business or consumer-owned light and power business.

(3) "Consumer-owned gas distribution business" means any gas distribution business not subject to regulation by the commission of the rates, tolls, rentals, contracts or charges, or service rendered, or the adequacy or sufficiency of the facilities, equipment, instrumentalities, or buildings, or the reasonableness of rules or regulations made, furnished, used, supplied, or in force affecting any gas plant owned and operated by such gas distribution business.

(4) "Consumer-owned light and power business" means any light and power business not subject to regulation by the commission of the rates, tolls, rentals, contracts or charges, or service rendered, or the adequacy or sufficiency of the facilities, equipment, instrumentalities, or buildings, or the reasonableness of rules or regulations made, furnished, used, supplied, or in force affecting any electric plant owned and operated by such light and power business.

(5) "Department" means department of revenue.

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

(7) "Investor-owned energy utility" means any investor-owned gas distribution business or investor-owned light and power business.

(8) "Investor-owned gas distribution business" means any gas distribution business subject to regulation by the commission of the rates, tolls, rentals, contracts or charges, or service rendered, or the adequacy or sufficiency of the facilities, equipment, instrumentalities, or buildings, or the reasonableness of rules or regulations made, furnished, used, supplied, or in force affecting any gas plant owned and operated by such gas distribution business.

(9) "Investor-owned light and power business" means any light and power business subject to regulation by the commission of the rates, tolls, rentals, contracts or charges, or service rendered, or the adequacy or sufficiency of the facilities, equipment, instrumentalities, or buildings, or the reasonableness of rules or regulations made, furnished, used, supplied, or in force affecting any electric plant owned and operated by such light and power business.

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

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

(1) Beginning January 1, 2020, an investor-owned energy utility or a consumer-owned energy utility is allowed a credit against taxes due under this chapter in an amount equal to the lesser of the total amount of clean energy investment expenditures made in a fiscal year or five hundred thousand dollars per fiscal year.

(2) Persons wishing to claim a credit under this section must first apply to the department of commerce for approval of their clean energy investment expenditures in a form and manner as prescribed by the department of commerce.

(3) The department of commerce, in consultation with the Washington state utilities and transportation commission, must determine the amount of expenditures eligible for a credit under this section and provide the information to the department in order to administer the credit provided in subsection (1) of this section.

(4)(a) The credit must be taken in a form and manner as required by the department. The total credits that may be claimed under this section may not exceed five million dollars per calendar year. Credits are available on a first-in-time basis. Credits may not be claimed in excess of the tax otherwise due under this chapter for the reporting period. Unused credits may be carried forward until used, subject to the limitation in (b) of this subsection.

(b) The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section during any calendar year to exceed five million dollars. The department must provide notification on its web site monthly on the amount of credits that have been applied for, the amount issued, and the amount remaining before the statewide annual limit is reached. In addition, the department must provide written notice to any person who has applied to claim tax credits in excess of the limitation in this subsection.

(5) For the purposes of the limits provided in this section, a credit must be counted against such limits for the calendar year in which the credit is claimed. No refunds may be granted for credits under this section.

(6) To claim a credit under this section a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. As used in this subsection, "return" has the same meaning as defined in RCW 82.32.050.

(7) Credits may not be earned under this section after December 31, 2044. Credits are earned when clean energy investment expenditures are made by an investor-owned energy utility or a consumer-owned energy utility. Credits must be claimed under this section by December 31, 2045.

(8) This section is exempt from the provisions of RCW 82.32.808.

(9) This section expires January 1, 2046.

**Sec.**  RCW 82.14.455 and 2009 c 469 s 105 are each amended to read as follows:

The exemptions in RCW 82.08.962(1)(c), 82.12.962(1)(c), 82.08.963, and 82.12.963 are for the state and local sales and use taxes and include the sales and use taxes imposed under the authority of this chapter.

**Sec.**  RCW 82.29A.135 and 2010 1st sp.s. c 11 s 6 are each amended to read as follows:

(1) For the purposes of this section((~~:~~

~~(a) "Alcohol fuel" means any alcohol made from a product other than petroleum or natural gas, which is used alone or in combination with gasoline or other petroleum products for use as a fuel for motor vehicles, farm implements, and machines or implements of husbandry.~~

~~(b)~~)), "anaerobic digester" has the same meaning as provided in RCW 82.08.900.

((~~(c) "Biodiesel feedstock" means oil that is produced from an agricultural crop for the sole purpose of ultimately producing biodiesel fuel.~~

~~(d) "Biodiesel fuel" means a mono alkyl ester of long chain fatty acids derived from vegetable oils or animal fats for use in compression-ignition engines and that meets the requirements of the American society of testing and materials specification D 6751 in effect as of January 1, 2003.~~

~~(e) "Wood biomass fuel" means a pyrolytic liquid fuel or synthesis gas-derived liquid fuel, used in internal combustion engines, and produced from wood, forest, or field residue, or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic.~~))

(2)((~~(a)~~)) All leasehold interests in buildings, machinery, equipment, and other personal property which are used primarily for ((~~the manufacturing of alcohol fuel, wood biomass fuel, biodiesel fuel, biodiesel feedstock, or~~)) the operation of an anaerobic digester, the land upon which this property is located, and land that is reasonably necessary in the ((~~manufacturing of alcohol fuel, wood biomass fuel, biodiesel fuel, biodiesel feedstock, or the~~)) operation of an anaerobic digester((~~, but not land necessary for growing of crops, which together comprise a new manufacturing facility or an addition to an existing manufacturing facility,~~)) are exempt from leasehold taxes for a period of six years from the date on which the facility or the addition to the existing facility becomes operational.

((~~(b) For manufacturing facilities which produce products in addition to alcohol fuel, wood biomass fuel, biodiesel fuel, or biodiesel feedstock, the amount of the leasehold tax exemption is based upon the annual percentage of the total value of all products manufactured that is the value of the alcohol fuel, wood biomass fuel, biodiesel fuel, and biodiesel feedstock manufactured.~~))

(3) Claims for exemptions authorized by this section must be filed with the department of revenue on forms prescribed by the department of revenue and furnished by the department of revenue. Once filed, the exemption is valid for six ((~~years~~)) assessment years following the date on which the facility or the addition to the existing facility becomes operational and may not be renewed. The department of revenue must verify and approve claims as the department of revenue determines to be justified and in accordance with this section. No claims may be filed after December 31, ((~~2015, except for claims for anaerobic digesters, which may be filed no later than December 31, 2012~~)) 2024.

(4) The department of revenue may promulgate such rules, pursuant to chapter 34.05 RCW, as are necessary to properly administer this section.

NEW SECTION. **Sec.**  Sections 2 through 6 of this act constitute a new chapter in Title 19 RCW.

NEW SECTION. **Sec.**  Section 7 of this act constitutes a new chapter in Title 44 RCW.

NEW SECTION. **Sec.**  Section 4 of this act takes effect January 1, 2024.

NEW SECTION. **Sec.**  Section 6 of this act this act takes effect January 1, 2021.

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

Correct the title.

EFFECT: The amendment:

(1) Removes the requirement to meet specified fossil fuel reduction targets for years 2030, 2035, and 2040;

(2) Provides that if the legislature does not adopt alternative interim fossil fuel reduction targets by December 31, 2020, as recommended by the Joint Select Committee on Washington's Clean Energy Transition, then it is the intent of the legislature for electric utilities and market customers to meet certain specified fossil fuel reduction targets;

(3) Delays the effective date of rule making and enforcement authority until January 1, 2021;

(4) Provides that an electric utility or market customer is not subject to any administrative penalties for the use of certain resources prior to December 31, 2045;

(5) Establishes a Joint Select Committee on Washington's Clean Energy Transition;

(6) Authorizes the use of federal incremental hydroelectricity as an eligible renewable resource under the Energy Independence Act;

(7) Adds certain tax preferences for renewable natural gas;

(8) Adds certain tax preferences for certain forest products;

(9) Amends the sales and use tax preferences for machinery and equipment for certain renewable and alternative energy systems; and

(10) Amends the public utility tax credit for certain clean energy investments.