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SECOND SUBSTITUTE SENATE BILL 6203

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State of Washington

65th Legislature

2018 Regular Session

**By** Senate Ways & Means (originally sponsored by Senators Carlyle, Ranker, Palumbo, Nelson, Pedersen, Frockt, Billig, Rolfes, McCoy, Keiser, Wellman, Lias, Hunt, Chase, Saldaña, and Kuderer; by request of Governor Inslee)

READ FIRST TIME 02/23/18.

1 AN ACT Relating to reducing carbon pollution by investing in  
2 rural economic development and a clean energy economy; amending RCW  
3 46.17.005, 46.17.350, 46.17.365, 19.285.030, and 19.285.040; adding  
4 new sections to chapter 43.31 RCW; adding a new chapter to Title 82  
5 RCW; adding a new chapter to Title 43 RCW; adding a new chapter to  
6 Title 70 RCW; creating a new section; providing effective dates; and  
7 providing a contingent expiration date.

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

9 NEW SECTION. **Sec. 1.** (1) Greenhouse gas pollution, including  
10 carbon, is a significant contributor to climate change, and has  
11 devastating negative impacts on Washington's economy, environment,  
12 natural resources, and communities. Our state is already experiencing  
13 rising sea levels, depleting snowpack, increased flooding, acidifying  
14 oceans, and more frequent and severe wildfires. These impacts impair  
15 our prosperity and have already hurt our businesses and communities.

16 (2) Transitioning to a clean energy economy can help our  
17 residents and businesses thrive without increasing carbon pollution  
18 that leads to climate change. Building a vibrant and successful clean  
19 energy economy can serve as an example to other regions, will put  
20 Washington on the cutting edge of twenty-first century economies,

1 create new jobs, and support the health and prosperity of all  
2 residents of Washington.

3 (3) Washington state is home to some of the world's most  
4 innovative companies, a highly skilled workforce, and important  
5 industries. As our state transitions away from fossil fuels, we must  
6 do so in a way that protects these assets, and allows our businesses  
7 to thrive. By launching a bold new set of investments in carbon  
8 reduction infrastructure and natural resource resilience, we can  
9 reduce our state's carbon emissions while preparing our economy for  
10 the future. In doing so, we recognize that some industries are energy  
11 dependent and trade-exposed, and thus have independent incentive to  
12 be energy efficient. These industries are exempt from carbon taxation  
13 in order to allow them to remain globally competitive and ensure  
14 these industries and jobs remain in Washington.

15 (4) Washington is home to more than ten million acres of working  
16 forestlands, including private landowners and state trust lands.  
17 These lands represent the foundation of a forest products industry  
18 that sequesters massive amounts of carbon from the atmosphere simply  
19 through its standard, baseline operations. These working forests are  
20 one of the state's greatest natural assets in combating global carbon  
21 emissions. A statewide carbon policy must support and maintain the  
22 ecosystem values provided by the forest products industry. Healthy,  
23 working forests maximize the forests' ability to absorb carbon with  
24 lumber and other forest products continuing to sequester that carbon.

25 (5) Fossil fuel combustion also is responsible for other  
26 pollutants, like nitrous oxide, carbon monoxide, benzene, and others  
27 that contribute to respiratory diseases like asthma and lung cancer  
28 that compromise public health and shorten life expectancy. This  
29 pollution burden overwhelmingly falls on low-income communities,  
30 communities of color, and the vulnerable parts of our population.  
31 Reducing our reliance on fossil fuels, therefore, will contribute to  
32 improved air quality and better public health.

33 (6) This act establishes a tax to account for the economic and  
34 environmental impacts of carbon pollution. The revenue will  
35 facilitate the transition from fossil fuels to clean energy and fund  
36 investments that will benefit our businesses, our families, and our  
37 communities. It will also invest in adapting to the impacts of  
38 climate change and protecting our rural communities and key economic  
39 sectors including agriculture, shellfish, and forestry.

1 (7) Further, in general, low-income rural and urban communities  
2 are disproportionately impacted by carbon pollution and are less able  
3 to respond to climate change. This act provides targeted economic  
4 stimulus to ensure that the job creation and health benefits of this  
5 measure are focused in the communities that can most benefit from  
6 these investments.

7 **Part I**  
8 **Carbon Pollution Tax**

9 NEW SECTION. **Sec. 101.** DEFINITIONS. The definitions in this  
10 section apply throughout this chapter unless the context clearly  
11 requires otherwise.

12 (1) "Aircraft fuel" has the same meaning as provided in RCW  
13 82.42.010.

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

21 (3) "Carbon calculation" means a calculation made by the  
22 department of ecology, in consultation with the department of  
23 commerce, for purposes of determining the carbon dioxide emissions  
24 from the complete combustion or oxidation of fossil fuels and, for  
25 each specified source, the carbon dioxide emissions in electricity  
26 for use in calculating the carbon pollution tax pursuant to section  
27 102 of this act.

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

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

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

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

1 (8) "Department" means the department of revenue.

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

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

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

12 (12) "Energy-intensive trade-exposed manufacturing facility"  
13 means a manufacturing business that meets the numerical criteria  
14 established by the department of commerce in section 103(3)(b) of  
15 this act, or has a proper primary North American industry  
16 classification system code as provided in section 103(3)(c) of this  
17 act.

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

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

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

31 (16) "Greenhouse gas" means carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>),  
32 nitrogen trifluoride (NF<sub>3</sub>), nitrous oxide (N<sub>2</sub>O), sulfur hexafluoride  
33 (SF<sub>6</sub>), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and other  
34 fluorinated greenhouse gases.

35 (17) "Highly impacted communities" means those areas designated  
36 pursuant to section 502 of this act.

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

1 (19) "Motor vehicle fuel" has the same meaning as provided in RCW  
2 82.38.020.

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

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

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

8 (23) "Special fuel" has the same meaning as provided in RCW  
9 82.38.020.

10 (24) "Specified source" means an electrical generation facility  
11 serving Washington customers in which the taxpayer directly or  
12 indirectly has full or partial ownership in the facility or unit or  
13 is party to a written contract or other agreement to procure  
14 electricity generated by that facility.

15 (25) "Taxpayer" means a person subject to the carbon pollution  
16 tax imposed in this chapter.

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

21 (27) "Unspecified source" means electricity from a source other  
22 than a specified source.

23 (28)(a) "Use," "used," "using," or "put to use" means, with  
24 respect to any fossil fuel other than natural gas, the consumption in  
25 this state of the fossil fuel by the taxpayer or the possession or  
26 storage in this state of the fossil fuel by the taxpayer preparatory  
27 to subsequent consumption of the fossil fuel within this state by the  
28 taxpayer.

29 (b) "Use," "used," "using," or "put to use" means, with respect  
30 to natural gas, the consumption in this state of the fossil fuel by  
31 the taxpayer.

32 (c) For purposes of this subsection (28), "possession" means the  
33 control of fossil fuel located within this state and includes either  
34 actual and/or constructive possession. "Actual possession" occurs  
35 when the person with control has physical possession. "Constructive  
36 possession" occurs when the person with control does not have  
37 physical possession. "Control" means the power to sell or use a  
38 fossil fuel or to authorize the sale or use by another.

39 (29) "Western interconnection" means the area comprising those  
40 states and provinces, or portions thereof, in western Canada,

1 northern Mexico, and the western United States in which members of  
2 the western electricity coordinating council, or any successor  
3 thereto, operate synchronously connected transmission systems.

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

6 NEW SECTION. **Sec. 102.** CARBON POLLUTION TAX. (1)(a) Beginning  
7 July 1, 2019, a carbon pollution tax is imposed on:

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

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

13 (b) The measure of the carbon pollution tax is the carbon dioxide  
14 emissions:

15 (i) Resulting from the complete combustion or oxidation of fossil  
16 fuels sold or used by the taxpayer within this state; or

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

19 (c)(i) The tax rate is equal to twelve dollars per metric ton of  
20 carbon dioxide.

21 (ii) Beginning July 1, 2021, the department must annually adjust  
22 the previous year's tax rate by one dollar and eighty cents per  
23 metric ton until reaching thirty dollars per metric ton of carbon  
24 dioxide. The department must calculate tax rate adjustments under  
25 this subsection (1)(c)(ii) in July of each year and publish on its  
26 web site the tax rate for any year by January 1st of that year.

27 (2) For the purposes of this chapter, the carbon pollution tax is  
28 imposed:

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

31 (b) At the time and place of the first taxable event within this  
32 state, except as otherwise provided in this section, occurring on or  
33 after the effective date of this section, regardless of whether the  
34 fossil fuel or electricity was previously sold, used, or consumed  
35 within this state before the effective date of this section; and

36 (c) Upon the first taxable person within this state, except as  
37 otherwise provided in this section. A taxable person is:

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

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

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

6 (3) As provided in this section, the carbon pollution tax on the  
7 sale or use of fossil fuels is imposed on the seller or user of the  
8 fossil fuel.

9 (4) The carbon pollution tax on the sale or use of natural gas is  
10 imposed as follows:

11 (a) Natural gas transported through the state that is not  
12 produced or delivered in the state is exempt from the carbon  
13 pollution tax imposed by this section. Natural gas possessed or  
14 stored in this state is exempt from the carbon pollution tax imposed  
15 by this section unless taxed under (b), (c), or (d) of this  
16 subsection;

17 (b) For natural gas sold by a gas distribution business to a  
18 retail customer in the state, the carbon pollution tax is imposed on  
19 the gas distribution business upon the sale of such natural gas to  
20 the retail customer;

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

25 (d) For natural gas sold to a direct access gas customer in the  
26 state, the carbon pollution tax is imposed on the direct access gas  
27 customer upon the consumption of such natural gas by the direct  
28 access gas customer.

29 (5) The carbon pollution tax on the generation or import of  
30 electricity for consumption in this state is imposed as follows:

31 (a) For electricity produced in the state, the carbon pollution  
32 tax is imposed on the person required to be registered with the  
33 department for purposes of paying taxes due under chapter 82.04 or  
34 82.16 RCW that owns or operates the electrical generation facility  
35 producing the electricity; and

36 (b) For electricity produced outside the state and imported for  
37 consumption in the state, the carbon pollution tax is imposed on the  
38 first person that imports or delivers such electricity to or within  
39 the state.

1 (6) For motor vehicle fuel and special fuel, the carbon pollution  
2 tax is imposed on the seller or user of the fuel at the points of  
3 taxation specified in RCW 82.38.030(9).

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

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

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

14 (d)(i) The carbon pollution tax liability imposed on a person  
15 consistent with (a) and (b) of this subsection may be assumed by a  
16 light and power business when it purchases electricity if the light  
17 and power business meets the following requirements:

18 (A) A light and power business must have a clean energy  
19 investment plan approved by a responsible entity.

20 (B) A light and power business must apply to the responsible  
21 entity, in a manner and form acceptable to the responsible entity,  
22 for approval to assume liability for the carbon pollution tax  
23 pursuant to this subsection (7)(d).

24 (C) Upon approval of an application pursuant to (d)(i)(B) of this  
25 subsection, the entity must issue a certificate or other  
26 documentation, as prescribed by the department, authorizing the light  
27 and power business to assume liability for the carbon pollution tax  
28 pursuant to this subsection (7)(d).

29 (D) A light and power business that elects to assume liability  
30 for the carbon pollution tax as authorized under this subsection  
31 (7)(d) must present the certificate or documentation issued pursuant  
32 to (d)(i)(C) of this subsection to a person selling electricity to  
33 the light and power business. Acceptance of the certificate or  
34 documentation presented by a light and power business under this  
35 subsection (7)(d) relieves that person from paying the carbon  
36 pollution tax due on such a sale. Acceptance of the certificate or  
37 documentation may not be unreasonably withheld. The person selling  
38 electricity must keep a copy of the certificate or documentation in  
39 its records pursuant to RCW 82.32.070. If the light and power  
40 business does not elect to assume the carbon pollution tax, the



1 carbon pollution tax on the sale of electricity is imposed pursuant  
2 to (a) or (b) of this subsection, as applicable.

3 (ii) For the purposes of this subsection (7)(d), "responsible  
4 entity" means the entity responsible for approving the clean energy  
5 investment plan of a light and power business pursuant to sections  
6 201 through 206 or 301 through 306 of this act, whichever is  
7 applicable.

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

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

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

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

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

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

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

5 (9) For taxpayers who are also subject to any of the taxes  
6 imposed under chapter 82.04, 82.08, 82.12, or 82.16 RCW, the  
7 frequency of reporting and payment of the carbon pollution tax must,  
8 to the extent practicable, coincide with a taxpayer's reporting  
9 periods for the taxes imposed under chapter 82.04, 82.08, 82.12, or  
10 82.16 RCW.

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

15 NEW SECTION. **Sec. 103.** EXEMPTIONS AND CREDITS. (1) The carbon  
16 pollution tax does not apply to:

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

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

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

33 (ii) An exporter of fossil fuels or electricity upon which  
34 another person previously paid the carbon pollution tax is entitled  
35 to a credit or refund of the tax paid, if the exporter can establish  
36 to the department's satisfaction that the tax under this chapter was  
37 previously paid on the exported fossil fuels or electricity. The  
38 person who paid the carbon pollution tax is not entitled to an  
39 exemption under this subsection (1)(c) when any other person is

1 entitled to a refund or credit under this subsection (1)(c)(ii). For  
2 purposes of this subsection, "exporter" means a person who exports  
3 fossil fuels or electricity from this state;

4 (d) The sale or use of coal transition power as defined in RCW  
5 80.80.010;

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

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

12 (g) Aircraft fuel as defined in RCW 82.42.010;

13 (h) Facilities that manufacture equipment used to generate  
14 electricity from eligible renewable resources as defined in RCW  
15 19.285.030(21) or facilities that produce components or materials  
16 used exclusively to manufacture eligible renewable resources;

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

23 (j) Activities or property of Indian tribes and individual  
24 Indians that are exempt from state taxation as a matter of federal  
25 law or state law, whether by statute, rule, or compact; and

26 (k) Fossil fuels used for transporting logs as described in RCW  
27 82.16.010(5).

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

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

4 (i) Imposed on:

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

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

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

13 (3)(a) The carbon pollution tax imposed in section 102 of this  
14 act does not apply to fossil fuels and electricity sold to or used  
15 on-site for manufacturing processes by an energy-intensive trade-  
16 exposed facility. The fossil fuel exemption does not apply to fossil  
17 fuels used for generation of electricity which is not used on site by  
18 the facility.

19 (b) The department of commerce will establish objective numerical  
20 criteria for both energy intensity and trade exposure for the purpose  
21 of identifying energy-intensive trade-exposed manufacturing  
22 facilities. The criteria will take into consideration approaches used  
23 by other jurisdictions with existing carbon reduction or carbon  
24 pricing programs, and the impact of the carbon pollution tax on  
25 manufacturing activity, including manufacturers with a 2017 North  
26 American industry classification system code 31-33 as developed by  
27 the office of management and budget. A manufacturing business that  
28 can demonstrate to the department of commerce that its facility or  
29 facilities meet the criteria must be issued a certificate denoting  
30 energy-intensive trade-exposed exempt status for the purpose of  
31 exempting appropriate on-site manufacturing processes.

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

35 (A) Any facility engaged in an activity described in RCW  
36 82.04.260(12); or

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

40 112310: Chicken egg production;

1 112320: Broilers and other meat type chicken production;  
2 112330: Turkey production;  
3 112340: Poultry hatcheries;  
4 112390: Other poultry production;  
5 311211: Flour milling;  
6 311221: Wet corn milling;  
7 311224: Soybean and other oilseed processing;  
8 311225: Fats and oils refining and blending;  
9 311230: Breakfast cereal manufacturing;  
10 311411: Frozen fruit, juice, and vegetable manufacturing;  
11 311412: Frozen specialty food manufacturing;  
12 311421: Fruit and vegetable canning;  
13 311422: Specialty canning;  
14 311423: Dried and dehydrated food manufacturing;  
15 311511: Fluid milk manufacturing;  
16 311512: Creamery butter manufacturing;  
17 311513: Cheese manufacturing;  
18 311514: Dry, condensed, and evaporated dairy product  
19 manufacturing;  
20 311520: Ice cream and frozen dessert manufacturing;  
21 311611: Animal (except poultry) processing;  
22 311612: Meat processed from carcasses;  
23 311613: Rendering and meat by-product processing;  
24 311615: Poultry processing;  
25 311710: Seafood product preparation and packaging;  
26 311812: Commercial bakeries;  
27 311821: Cookie and cracker manufacturing;  
28 311824: Flour mixes and dough manufacturing from purchased flour;  
29 311830: Tortilla manufacturing;  
30 311911: Roasted nuts and peanut butter manufacturing;  
31 311919: Other snack food manufacturing;  
32 311930: Flavoring syrup and concentrate manufacturing;  
33 311941: Mayonnaise, dressing, and other prepared sauce  
34 manufacturing;  
35 311942: Spice and extract manufacturing;  
36 311991: Perishable prepared food manufacturing;  
37 311999: All other miscellaneous food manufacturing;  
38 312112: Bottled water manufacturing;  
39 321212: Softwood veneer and plywood manufacturing;  
40 321213: Sawmills;

1 322110: Pulp mills;  
2 322121: Paper (except newsprint) mills;  
3 322122: Newsprint mills;  
4 322130: Paperboard mills;  
5 324110: Petroleum refineries;  
6 325188: All other basic inorganic chemical manufacturing;  
7 325193: Biodiesel manufacturing;  
8 325199: All other basic organic chemical manufacturing;  
9 325311: Nitrogenous fertilizer manufacturing;  
10 327211: Flat glass manufacturing;  
11 327213: Glass container manufacturing;  
12 327310: Cement manufacturing;  
13 327410: Lime manufacturing;  
14 327420: Gypsum product manufacturing;  
15 331110: Iron and steel mills;  
16 331312: Primary aluminum production;  
17 331313: Aluminum refining and primary aluminum production;  
18 331314: Secondary smelting and alloying of aluminum;  
19 331315: Aluminum sheet, plate, and foil manufacturing;  
20 331318: Other aluminum rolling, drawing, and extruding;  
21 334413: Semiconductor and related device manufacturing;  
22 336411: Aircraft manufacturing;  
23 336412: Aircraft engine and engine parts manufacturing;  
24 336413: Other aircraft parts and auxiliary equipment  
25 manufacturing;  
26 336414: Guided missile and space vehicle manufacturing;  
27 336415: Guided missile and space vehicle propulsion unit and  
28 propulsion unit parts manufacturing; and  
29 336419: Other guided missile and space vehicle parts and  
30 auxiliary equipment manufacturing.

31 (ii) The exemptions under (c)(i)(B) of this subsection (3) apply  
32 to electricity and fossil fuels used on-site for manufacturing  
33 activities by energy-intensive and trade-exposed manufacturers.

34 (d)(i) To qualify for an exemption under this subsection (3) for  
35 a specific facility, a person must apply to the department in the  
36 form and manner required by the department. If a person has more than  
37 one potentially exempt facility, that person must submit a separate  
38 application for each facility. The department may consult with the  
39 department of commerce and can take whatever steps it deems necessary  
40 to determine eligibility under this subsection (3), including

1 requesting additional information from the applicant or an on-site  
2 visit to the facility to observe its operations.

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

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

14 (ii) A person receiving an exemption under this subsection (3)  
15 based on a certificate issued in error must immediately repay to the  
16 department the exempted amounts plus interest as provided in chapter  
17 82.32 RCW. No penalties apply if amounts assessed by the department  
18 under this subsection (3)(e)(ii) are paid in full by the date due.

19 (4)(a) A credit is authorized against the tax otherwise due under  
20 this chapter. The credit amount may be up to one hundred percent of  
21 the taxes owed under this chapter by a light and power business or a  
22 gas distribution business that chooses to claim a credit pursuant to  
23 sections 202 and 301 of this act.

24 (b) Any amount taken as a tax credit by a light and power  
25 business or gas distribution business under subsection (1)(c)(ii) or  
26 (2) of this section is not subject to the provisions of part II or  
27 III of this act.

28 (5)(a) A person is entitled to a refund or credit of carbon  
29 pollution tax included in the price of fossil fuels or electricity  
30 purchased by the person if:

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

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

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

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

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

7 (d) For purposes of this subsection (5), "person" means any  
8 purchaser or consumer of fossil fuel or electricity who indirectly  
9 paid carbon pollution tax included in the price of the fossil fuel or  
10 electricity.

11 NEW SECTION. **Sec. 104.** RULE MAKING AND OTHER ADMINISTRATIVE  
12 AUTHORITY. (1) The provisions of chapter 82.32 RCW apply to this  
13 chapter.

14 (2) The department and department of ecology may adopt rules as  
15 they deem necessary to administer this chapter. The department of  
16 commerce may adopt rules as it deems necessary to administer section  
17 103 of this act.

18 (3) The department of commerce must convene a stakeholder work  
19 group to examine the efficient and consistent integration of carbon  
20 pricing in electricity markets within the state and transactions with  
21 markets outside the state, including the market operated by the  
22 California independent system operator. To assist in its examination  
23 of the issues identified in this subsection, as well as any other  
24 issues pertinent to its review, the work group must, at a minimum,  
25 consist of light and power businesses, gas distribution businesses,  
26 the Bonneville power administration, and other agencies. The work  
27 group must prepare a report to the legislature of its findings and  
28 recommendations to improve the carbon transparency and market  
29 liquidity in electricity markets and submit the report, in compliance  
30 with RCW 43.01.036, by no later than December 1, 2020. The department  
31 and the department of ecology must provide necessary data and other  
32 support to the department of commerce.

33 (4) By December 31, 2025, the department of revenue, supported by  
34 the departments of commerce and ecology must review the energy-  
35 intensive trade-exposed process under section 103 of this act,  
36 including its effectiveness in controlling leakage and minimizing any  
37 unnecessary exemptions from taxation, merits of alternative exemption  
38 structures such as production-based incentives, and the scope of  
39 industries within the energy-intensive trade-exposed designation.



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

5 NEW SECTION. **Sec. 105.** REPORT BY THE DEPARTMENT OF COMMERCE.

6 (1) On or before December 31, 2020, and each year thereafter, and in  
7 compliance with RCW 43.01.036, the department of commerce, with  
8 support from the department of revenue as well as the state auditor  
9 for the initial report, must submit a report to the joint committee  
10 on climate programs oversight under section 801 of this act. The  
11 initial report must include recommendations for establishing a  
12 process to audit account uses and allow for public input. Each annual  
13 report must contain specific recommendations for modifications or  
14 improvements to this act to ensure the goals of this act are being  
15 met in addition to the following with respect to the annual period  
16 ending the December 31st immediately preceding the reporting date:

17 (a) The total carbon pollution tax collected during the reporting  
18 period and a list of the taxpayers and the amount of carbon pollution  
19 tax paid by those taxpayers. The department must provide the  
20 information required under this subsection (1)(a), which is not  
21 confidential tax information under RCW 82.32.330;

22 (b) Estimated costs incurred by the department, the department of  
23 commerce, the department of ecology, and the Washington State  
24 University extension energy program directly associated with  
25 administration of the carbon pollution tax, shown both in dollar  
26 amounts and as a percentage of the total amount of carbon pollution  
27 tax revenues collected. The department of ecology, the department of  
28 commerce, and Washington State University extension energy program  
29 must report their estimated administrative costs under this  
30 subsection to the department of commerce each year at least one month  
31 before the deadline for the report required under this section;

32 (c) The estimated overall net revenue gain or loss calculated by  
33 comparison of this subsection and subsection (2) of this section in  
34 dollar amounts and the estimated costs determined under subsection  
35 (2) of this section as a percentage of carbon pollution tax revenues  
36 collected;

37 (d) The impact on the economic health of Washington state,  
38 including verifiable data on emissions leakage and any job loss since

1 the implementation of the carbon pollution tax under section 102 of  
2 this act;

3 (e) An analysis of whether the point of taxation is appropriate  
4 under section 102 of this act;

5 (f) A summary of the investments made through its administration  
6 of the energy transformation account created in section 401 of this  
7 act and the rural economic development account created in section 701  
8 of this act. The summary must include amounts invested in each  
9 program area, project descriptions, names of grant recipients, an  
10 estimate of the greenhouse gas emissions reductions achieved or  
11 anticipated via the investments, and other pertinent information or  
12 information as periodically requested by the legislature;

13 (g) A summary of the progress made by utilities implementing  
14 their plans under the clean energy investment program created in  
15 parts II and III of this act. The summary must include aggregate  
16 totals of anticipated greenhouse gas reductions called for by plans  
17 and progress made toward achieving these reductions; an accounting of  
18 funds spent and average cost per ton of verified greenhouse gas  
19 reductions achieved through program investments; and a review of the  
20 mitigation of increased gas or electric costs to qualifying low-  
21 income customers and recommendations on whether consumer-owned energy  
22 utilities have the resources to mitigate these costs; and

23 (h) An analysis on the impact of section 102 and parts II and III  
24 of this act on the utility rates as it affects individuals of varying  
25 income levels, ethnic backgrounds, and racial backgrounds.

26 (2) On or before December 1, 2026, the department of commerce, in  
27 consultation with the department of ecology, must provide specific  
28 recommendations to the joint committee on climate programs oversight  
29 under section 801 of this act on whether or not the carbon pollution  
30 tax rate under section 102 of this act will need to be adjusted  
31 upward or downward or will be sufficient to meet the net cumulative  
32 reduction of greenhouse gas emissions of twenty-five percent below  
33 1990 levels by the year 2035.

34 NEW SECTION. **Sec. 106.** TECHNICAL ASSISTANCE. Upon request of  
35 the department, the department of commerce, the department of  
36 ecology, and the Washington State University extension energy program  
37 must provide technical assistance to the department as may be  
38 necessary for the department to effectively administer this chapter.

1        NEW SECTION.    **Sec. 107.**    CARBON POLLUTION REDUCTION ACCOUNT. The  
2 carbon pollution reduction account is created in the state treasury.  
3 All receipts from the carbon pollution tax under section 102 of this  
4 act, and other moneys directed to the account by the legislature,  
5 must be deposited into the account. Moneys in the account may only be  
6 spent after appropriation. Moneys in the account must be first  
7 appropriated to the department of revenue and other appropriate  
8 agencies for the administration of chapter . . . , Laws of 2018 (this  
9 act). Expenditures from the account must be distributed by the state  
10 treasurer as follows:

11            (1) Fifty percent of the moneys to the energy transformation  
12 account created in section 401 of this act;

13            (2) Twenty percent of the moneys to the water and natural  
14 resources resilience account created in section 601 of this act;

15            (3) Fifteen percent of the moneys for the transition assistance  
16 account created in section 501 of this act;

17            (4) Fifteen percent of the moneys for the rural economic  
18 development account created in section 701 of this act.

19        NEW SECTION.    **Sec. 108.**    TRIBAL COMPACTS. (1) The governor may  
20 enter into an agreement with any federally recognized Indian tribe  
21 located on a reservation within this state regarding carbon pollution  
22 taxes included in the price of fuel delivered to a retail station  
23 wholly owned and operated by a tribe, tribal enterprise, or tribal  
24 member licensed by the tribe to operate a retail station located on  
25 reservation or trust property. The agreement may provide mutually  
26 agreeable means to address any tribal immunities or any preemption of  
27 the carbon pollution tax.

28            (2) The provisions of this section do not repeal existing state/  
29 tribal fuel tax agreements or consent decrees in existence upon the  
30 effective date of this section.

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

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

37            (b) Provide that the tribe will expend carbon pollution tax  
38 proceeds or equivalent amounts on: Reducing greenhouse gas emissions

1 or increasing the resilience of tribal lands to the impacts of  
2 climate change;

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

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

13 (5) The governor may delegate the power to negotiate carbon  
14 pollution tax agreements to the department of licensing.

15 (6) The department of licensing must include in its annual report  
16 to the legislature on the status of fuel tax agreements with tribes  
17 the status of carbon pollution tax agreements with tribes as well as  
18 any negotiations on such agreements with tribes.

19 **Part II**  
20 **Clean Energy Investment Fund for Investor-Owned Energy Utilities**

21 NEW SECTION. **Sec. 201.** DEFINITIONS. The definitions in this  
22 section apply throughout this chapter unless the context clearly  
23 requires otherwise.

24 (1) "Commission" means the utilities and transportation  
25 commission.

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

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

35 (4) "Consumer-owned light and power business" means any light and  
36 power business not subject to regulation by the commission of the  
37 rates, tolls, rentals, contracts or charges, or service rendered, or  
38 the adequacy or sufficiency of the facilities, equipment,

1 instrumentalities, or buildings, or the reasonableness of rules or  
2 regulations made, furnished, used, supplied, or in force affecting  
3 any electric plant owned and operated by such light and power  
4 business.

5 (5) "Department" means the department of commerce.

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

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

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

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

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

27 (11) "Low income" means an annual income, adjusted for household  
28 size, that is at or below the greater of: (a) Eighty percent of area  
29 median income; or (b) two hundred percent of the federal poverty  
30 level.

31 NEW SECTION. **Sec. 202.** CREDITS FOR CLEAN ENERGY INVESTMENTS OF  
32 INVESTOR-OWNED ENERGY UTILITIES. (1) Except as provided in subsection  
33 (2) of this section, beginning July 1, 2019, each investor-owned  
34 energy utility may claim a credit against the carbon pollution tax  
35 imposed in section 102 of this act for clean energy investments  
36 approved pursuant to this chapter, not to exceed one hundred percent  
37 of the taxes owed under section 102 of this act in the same calendar  
38 year.

1 (2) For electricity produced by a generating facility that burns  
2 coal as the primary fuel source and the electricity is not otherwise  
3 exempt from the carbon pollution tax imposed in section 102 of this  
4 act, the department of revenue will adopt a schedule for each  
5 facility to calculate the credits such that beginning January 1,  
6 2020, the credit decreases on a pro rata basis annually until  
7 reaching zero percent in 2036.

8 (3) To be eligible for the credit under this section for clean  
9 energy investment, an investor-owned energy utility must, as of the  
10 date the credit is claimed, have received approval by the commission  
11 of a clean energy investment plan pursuant to section 205 of this  
12 act. Remaining carbon pollution tax owed under section 102 of this  
13 act, if any, must be remitted to the department of revenue and  
14 deposited in the carbon pollution reduction account created in  
15 section 107 of this act.

16 (4) Each investor-owned energy utility claiming a credit pursuant  
17 to this section must establish and maintain a separate clean energy  
18 investment account into which it must deposit amounts equal to the  
19 credit taken under this section. Moneys in the clean energy  
20 investment account must be deposited in an interest-bearing account  
21 in a financial institution as defined by RCW 30A.22.040 that is  
22 separate from other accounts and that credits all interest earned on  
23 the funds to that account. Moneys in the clean energy investment  
24 account may only be expended for the purposes identified in this  
25 chapter.

26 (5) An investor-owned energy utility may not earn a rate of  
27 return from the portion of investments paid for with moneys from the  
28 clean energy investment account.

29 (6) Moneys in the separate clean energy investment account are  
30 considered gross operating revenue for the purpose of RCW 80.24.010,  
31 and may not be considered gross income for the purposes of chapters  
32 82.04 and 82.16 RCW. Each investor-owned energy utility must report  
33 to the commission the total amount of revenue placed in its clean  
34 energy investment account during the preceding calendar year. In  
35 addition to fees paid pursuant to RCW 80.24.010 on moneys in the  
36 clean energy investment account, each investor-owned energy utility  
37 must pay an annual fee set by the commission of up to one percent of  
38 moneys deposited in the clean energy investment account to pay the  
39 reasonable cost of administering sections 201 through 206 of this  
40 act. The commission must set the fee each year by general order. Any

1 additional fees collected by the commission under this subsection  
2 must be deposited into the public service revolving fund.

3 NEW SECTION. **Sec. 203.** TECHNICAL STANDARDS COMMITTEE CREATED.

4 (1) The commission must create a technical standards committee for  
5 the purpose of advising the commission and other state agencies, the  
6 legislature, utilities, and local governments on utility reinvestment  
7 of moneys credited pursuant to section 202 of this act. The technical  
8 standards committee must develop standards and guidelines used by the  
9 commission to evaluate, quantify, and verify greenhouse gas emissions  
10 reductions proposed by utility plans pursuant to section 205 of this  
11 act. The duties of the technical standards committee include, but are  
12 not limited to:

13 (a) Establishing standard protocols for verification and  
14 evaluation of greenhouse gas emissions reductions from utility  
15 investments;

16 (b) Developing common planning assumptions for use in utility  
17 clean energy investment plans;

18 (c) Developing a standard reporting format to be adopted by the  
19 commission for all investments and activities supported by the clean  
20 energy investment accounts; and

21 (d) Other duties consistent with the purpose of this section, as  
22 required by the commission.

23 (2) The technical standards committee established in this section  
24 constitutes a class one group under RCW 43.03.220. Expenses for the  
25 technical standards committee are an appropriate administrative  
26 expense for the purpose of section 205(7)(b)(xiii) of this act. Staff  
27 support must be provided by the commission.

28 (3) The commission may elect to work with the department under  
29 section 302 of this act to create one joint technical standards  
30 committee for the purpose of advising on utility reinvestment of  
31 moneys credited pursuant to sections 202 and 301 of this act.

32 NEW SECTION. **Sec. 204.** WASHINGTON CLEAN ENERGY INVESTMENT

33 PROGRAMS ESTABLISHED FOR INVESTOR-OWNED ENERGY UTILITIES—RULE MAKING.

34 By July 1, 2019, the commission must adopt rules concerning the  
35 process, timelines, reporting, and documentation required to ensure  
36 the proper implementation of this chapter. Such rules must also  
37 establish requirements for review, approval, performance standards,  
38 and independent monitoring and evaluation of clean energy investment

1 plans of investor-owned energy utilities. The department of commerce  
2 and the commission must, to the extent practicable, adopt rules that  
3 are similar enough to ensure coordinated and consistent  
4 implementation of this chapter for consumer-owned and investor-owned  
5 energy utilities.

6 NEW SECTION. **Sec. 205.** CLEAN ENERGY INVESTMENT PLANS FOR  
7 INVESTOR-OWNED ENERGY UTILITIES. (1) To be eligible for the tax  
8 credit under section 202 of this act, an investor-owned energy  
9 utility must develop and maintain an approved clean energy investment  
10 plan, which identifies approved funding for clean energy investments  
11 over a ten-year period, pursuant to subsection (5) of this section.  
12 The clean energy investment plan must eliminate, to the extent  
13 feasible and at a reasonable cost, any tax obligation imposed by this  
14 act associated with electricity by 2050.

15 (2) When developing and updating its clean energy investment  
16 plan, an investor-owned energy utility must solicit public input  
17 through public processes under the oversight of the commission.

18 (3) Beginning July 1, 2019, an investor-owned energy utility  
19 seeking a credit under section 202 of this act must submit:

20 (a) A clean energy investment plan;

21 (b) A summary of the public input received during development of  
22 the plan; and

23 (c) A schedule for independent evaluation of activities financed  
24 through the clean energy investment plan, including verification of  
25 carbon emissions reductions. The reasonable costs of such independent  
26 evaluations may be included in a utility's clean energy investment  
27 plan and paid for from a utility's clean energy investment account.

28 (4) An investor-owned energy utility's clean energy investment  
29 plan may use methods and calculations that deviate from the common  
30 protocols and planning assumptions recommended by the technical  
31 standards committee when approved by the commission.

32 (5) Each clean energy investment plan must include the following:

33 (a) A demonstration that the portfolio of funded activities will  
34 achieve significant greenhouse gas emissions reductions at a  
35 reasonable cost over the shortest reasonable time frame;

36 (b) An estimate, based on protocols developed by the technical  
37 standards committee, of the cost per ton of emissions reductions for  
38 the portfolio of projects in the clean energy investment plan;



1 (c) A demonstration that expenditures in the clean energy  
2 investment plan will be additional to expenditures necessary to meet  
3 other emissions reduction, energy conservation, low-income programs,  
4 or renewable energy requirements existing on the effective date of  
5 this section;

6 (d) Sufficient funding, as determined by the commission, to  
7 mitigate all increases in gas or electric costs to qualifying low-  
8 income customers as a result of the carbon pollution tax imposed in  
9 section 102 of this act. Such moneys must be additional to other  
10 funding for low-income energy assistance; and

11 (e) A demonstration that all funded activities within the clean  
12 energy investment plan were developed using the cumulative impact  
13 analysis in section 502 of this act and that expenditures prioritize  
14 highly impacted communities.

15 (6) Each clean energy investment plan may include the following:

16 (a) A customer education and outreach program to promote  
17 widespread participation by consumers and businesses; and

18 (b) Up to ten percent of the expenditures in the clean energy  
19 investment accounts pursuant to this section may be dedicated for  
20 research and development by the investor-owned energy utility that  
21 will promote energy conservation, or the deployment of zero-emission  
22 energy resources.

23 (7)(a) A clean energy investment plan must include programs for  
24 investments or expenditures that are incremental to investments or  
25 expenditures required by laws and regulations existing on the  
26 effective date of this section; and

27 (i) Reduce greenhouse gas emissions of the investor-owned energy  
28 utility; or

29 (ii) Advance market transformation, educate consumers, develop  
30 new low carbon fuels such as renewable natural gas, increase  
31 participation in programs that incentivize consumers to choose low  
32 carbon alternatives, or increase carbon sequestration.

33 (b) Eligible investments may include contributions in aid of  
34 construction or expenditures for the following:

35 (i) Additional conservation in excess of the target established  
36 under RCW 19.285.040(1), other state obligations, or other obligation  
37 established by the commission in effect on the effective date of this  
38 section;

39 (ii) Market transformation for energy efficiency products;

1 (iii) Eligible renewable resources as defined by RCW 19.285.030,  
2 in excess of the target established under RCW 19.285.040(2) in effect  
3 on the effective date of this section;

4 (iv) Low-income weatherization;

5 (v) Measures to support electrification of the transportation  
6 sector including, but not limited to:

7 (A) Equipment on an electrical company's transmission and  
8 distribution system to accommodate electric vehicle connections, and  
9 smart grid systems, that enable electronic interaction between the  
10 company and charging systems, and facilitate company utilization of  
11 vehicle batteries for system needs;

12 (B) Incentives for car dealers to sell alternative vehicles;

13 (C) Incentives for property owners to install charging equipment  
14 for alternative vehicles; and

15 (D) Incentives for the electrification of vehicle fleets;

16 (vi) Investments that support the use of alternative fuels in the  
17 transportation sector for medium and heavy duty vehicles and  
18 equipment that will result in a reduction of greenhouse gas emissions  
19 and if the commission determines the alternative fuel is more cost-  
20 effective and commercially accepted than electrification;

21 (vii) Investment in clean distributed energy resources and grid  
22 modernization to facilitate distributed resources and improved grid  
23 resiliency;

24 (viii) Research and development that will promote energy  
25 conservation, or the deployment of zero-emission energy resources;

26 (ix) Investments in renewable natural gas production, including  
27 equipment to collect or condition biogas, or equipment used solely  
28 for the purpose of delivering biogas for consumption;

29 (x) Incentives for small businesses to support energy efficiency  
30 and the replacement of equipment;

31 (xi) Contributions to self-directed investments in the following  
32 measures to serve the sites of large industrial gas and electrical  
33 customers; conservation; new renewable energy resources; behind-the-  
34 meter technology that facilitates demand response cooperation to  
35 reduce peak loads; infrastructure to support electrification of  
36 transportation needs and heating loads; or renewable natural gas  
37 production, including gas conditioning equipment for biogas;

38 (xii) Pumped storage facilities whose development does not  
39 conflict with existing state and federal fish recovery plans and that  
40 comply with all local, state, and federal laws and regulations; and

1 (xiii) The reasonable costs of administration of the carbon  
2 pollution tax under section 102 of this act and the clean energy  
3 investment program, as determined by the commission.

4 (8) Funds from a clean energy investment account may be expended  
5 by an investor-owned utility to replace all or some of the debt  
6 financing portion of capital projects identified in the utility's  
7 approved clean energy investment plan, if the commission determines  
8 that such treatment would reduce the overall cost of the project to  
9 customers, and is otherwise consistent with the purposes of this  
10 section.

11 (9) Investments in infrastructure or facilities to process or  
12 liquefy fossil fuels are not eligible for inclusion in a clean energy  
13 investment plan.

14 NEW SECTION. **Sec. 206.** CLEAN ENERGY INVESTMENT PROGRAM  
15 EXPENDITURE MONITORING, AUDITING, AND OVERSIGHT FOR INVESTOR-OWNED  
16 ENERGY UTILITIES. (1) Upon approval of a clean energy investment  
17 plan, an investor-owned energy utility must expend moneys from its  
18 clean energy investment account in accordance with the clean energy  
19 investment plan approved by the commission.

20 (2) In order to maintain eligibility for the tax credit under  
21 section 202 of this act and to retain authority to expend money from  
22 a clean energy investment account, an investor-owned energy utility  
23 must submit and receive approval of an updated clean energy  
24 investment plan every two years, and submit annual reports to the  
25 commission, including:

26 (a) The status of projects approved in the previous clean energy  
27 investment plan;

28 (b) Demonstration that the plan has met performance standards  
29 established by the commission by order;

30 (c) An accounting of verified emissions reductions, and the cost  
31 per ton of emissions reductions compared to estimates of the cost per  
32 ton in emissions reductions contained in the clean energy investment  
33 plan; and

34 (d) An updated estimate of future emissions reductions and the  
35 estimated cost per ton.

36 (3) If the commission determines that the plan or any project in  
37 the plan did not meet performance standards, the commission may  
38 require the utility to remit remaining tax moneys dedicated for the  
39 nonperforming plan or project to the department of revenue.

1 (4) The commission must annually provide the department of  
2 revenue a report summarizing who is entitled to the credit, over what  
3 timeline, any required adjustments to credit previously issued, and  
4 any further information required to assist the department of revenue  
5 in administering the credit.

6 **Part III**

7 **Clean Energy Investment Fund for Consumer-Owned Energy Utilities**

8 NEW SECTION. **Sec. 301.** CARBON POLLUTION TAX CREDIT. (1)  
9 Beginning July 1, 2019, each consumer-owned energy utility may claim  
10 a credit against the carbon pollution tax imposed in section 102 of  
11 this act for clean energy investments approved pursuant to this  
12 chapter, not to exceed one hundred percent of the taxes owed under  
13 section 102 of this act in the same calendar year.

14 (2) To be eligible for the credit under this section for clean  
15 energy investment, a consumer-owned energy utility must, as of the  
16 date the credit is claimed, have a plan, approved by the governing  
17 body of a consumer-owned energy utility, to reinvest an equivalent  
18 amount of revenues collected from customers during that year, the  
19 preceding year, or any of the three subsequent years. Remaining  
20 carbon pollution tax amounts owing must be remitted to the department  
21 of revenue and deposited in the carbon pollution reduction account  
22 created in section 107 of this act.

23 (3) Each consumer-owned energy utility claiming a credit pursuant  
24 to this section must establish and maintain a separate clean energy  
25 investment account into which it must deposit amounts equal to the  
26 credit taken under this section. Moneys in this account must be kept  
27 separate from other accounts, and may only be expended for the  
28 purposes identified in this chapter. Interest accrued on this account  
29 must be expended only for purposes identified in this chapter.

30 (4) Moneys retained in the separate clean energy investment  
31 account are not considered gross income for the purpose of chapter  
32 82.16 RCW.

33 NEW SECTION. **Sec. 302.** TECHNICAL ADVISORY COMMITTEE CREATED.  
34 (1) The department must create a broadly representative technical  
35 advisory committee for the purpose of advising the department, other  
36 state agencies, the legislature, utilities, and local governments on  
37 consumer-owned energy utility reinvestment of moneys credited

1 pursuant to section 301 of this act. The advisory committee will  
2 advise on guidelines developed or adopted by the department to  
3 evaluate, quantify, and verify greenhouse gas emissions reductions  
4 proposed by utility plans pursuant to section 304 of this act. The  
5 duties of the technical advisory committee include, but are not  
6 limited to:

7 (a) Advising on standard protocols for verification and  
8 evaluation of greenhouse gas emissions reductions from utility  
9 investments;

10 (b) Recommending common planning assumptions for use in utility  
11 clean energy investment plans;

12 (c) Advising on a standard reporting format to be adopted by the  
13 department for all investments and activities supported by the clean  
14 energy investment accounts; and

15 (d) Other duties consistent with the purpose of this section, as  
16 required by the department.

17 (2) The technical advisory committee established in this section  
18 constitutes a class one group under RCW 43.03.220. Expenses for the  
19 technical advisory committee are an appropriate administrative  
20 expense for the purpose of section 304(6)(n) of this act. Staff  
21 support must be provided by the department.

22 (3) The department may elect to work with the commission under  
23 section 203 of this act to create one joint technical standards  
24 committee for the purpose of advising on utility reinvestment of  
25 moneys credited pursuant to sections 202 and 301 of this act.

26 NEW SECTION. **Sec. 303.** WASHINGTON CLEAN ENERGY INVESTMENT  
27 PROGRAMS ESTABLISHED—RULE MAKING. By July 1, 2019, the department  
28 must adopt rules concerning only the process, timelines, reporting,  
29 documentation, and performance metrics required to ensure the proper  
30 implementation of this chapter. Such rules may include rules  
31 associated with utility development, implementation, and evaluation  
32 of clean energy investment plans. The department and the commission  
33 must, to the extent practicable, adopt rules that are similar enough  
34 to ensure coordinated and consistent implementation of this chapter  
35 for consumer-owned and investor-owned energy utilities.

36 NEW SECTION. **Sec. 304.** CLEAN ENERGY INVESTMENT PLANS. (1) To be  
37 eligible for the tax credit under section 301 of this act, a  
38 consumer-owned energy utility must develop and maintain a clean

1 energy investment plan that is approved by its governing body. The  
2 clean energy investment plan must seek to eliminate any tax  
3 obligation imposed by this act associated with electricity.

4 (2) When developing and updating its clean energy investment  
5 plan, a consumer-owned energy utility must solicit public input  
6 through public processes under the oversight of its governing body.

7 (3) Each clean energy investment plan must include:

8 (a) A summary of the public input received during development of  
9 the plan; and

10 (b) A schedule for independent evaluation of activities financed  
11 through the clean energy investment plan, including verification of  
12 carbon emissions reductions. The reasonable costs of such independent  
13 evaluations may be included in a utility's clean energy investment  
14 plan and paid for from a utility's clean energy investment account.

15 (4) A consumer-owned energy utility's clean energy investment  
16 plan may use methods and calculations that deviate from the common  
17 protocols and planning assumptions recommended by the technical  
18 advisory committee when approved by the governing body.

19 (5) A clean energy investment plan must include:

20 (a) Programs for investments or expenditures that:

21 (i) Are incremental to investments or expenditures required by  
22 existing regulations on the effective date of this section; and

23 (ii)(A) Reduce carbon dioxide emissions of the utility; or

24 (B) Advance market transformation, educate consumers, develop new  
25 low carbon fuels such as renewable natural gas, and increase  
26 participation in programs that enable consumers to choose low carbon  
27 alternatives;

28 (b) A demonstration that the portfolio of funded activities can  
29 reasonably be expected to achieve reductions in greenhouse gas  
30 emissions;

31 (c) An estimate, based on protocols developed by the technical  
32 advisory committee or other protocol as authorized under subsection  
33 (4) of this section, of the metric tons of emissions reductions and  
34 the cost per metric ton of emissions reductions for the portfolio of  
35 projects in the clean energy investment plan;

36 (d) A demonstration that expenditures in the clean energy  
37 investment plan will be additional to expenditures necessary to meet  
38 other emissions reductions, energy conservation, or renewable energy  
39 requirements not to exceed an average cost per metric ton of

1 greenhouse gases abated at three hundred percent of the carbon tax  
2 rate or to be determined by the department as appropriate;

3 (e) A customer education and outreach program;

4 (f) Sufficient funding, as determined by the department, to  
5 mitigate all increases in gas or electric costs to qualifying low-  
6 income customers as a result of the carbon pollution tax imposed in  
7 section 102 of this act. Such moneys must be additional to other  
8 funding for low-income energy assistance; and

9 (g) A demonstration that all funded activities within the clean  
10 energy investment plan were developed using the cumulative impact  
11 analysis in section 502 of this act and that expenditures prioritize  
12 highly impacted communities.

13 (6) A clean energy investment plan may only include the following  
14 types of investments or expenditures:

15 (a) Additional conservation in excess of the target established  
16 under RCW 19.285.040(1), or other state obligations;

17 (b) Market transformation for energy efficiency products;

18 (c) Eligible renewable resources as defined by RCW 19.285.030, in  
19 excess of the target established under RCW 19.285.040(2);

20 (d) Low-income weatherization;

21 (e) Measures to support electrification of the transportation  
22 sector including, but not limited to:

23 (i) Equipment on an electrical company's transmission and  
24 distribution system to accommodate electric vehicle connections, and  
25 smart grid systems, that enable electronic interaction between the  
26 company and charging systems, and facilitate company utilization of  
27 vehicle batteries for system needs;

28 (ii) Incentives for car dealers to sell alternative vehicles;

29 (iii) Incentives for property owners to install charging  
30 equipment for alternative vehicles; and

31 (iv) Incentives for the electrification of vehicle fleets;

32 (f) Investment in clean distributed energy resources and grid  
33 modernization to facilitate distributed resources and improved grid  
34 resiliency;

35 (g) Research and development that will promote energy  
36 conservation, or the deployment of zero-emission energy resources;

37 (h) Investments in renewable natural gas production, including  
38 gas conditioning equipment for biogas;

39 (i) Investments in the following measures to serve the sites of  
40 large industrial gas and electrical customers: Conservation; new

1 renewable energy resources; behind-the-meter technology that  
2 facilitates demand response cooperation to reduce peak loads;  
3 infrastructure to support electrification of transportation needs and  
4 heating loads; or renewable natural gas production, including gas  
5 conditioning equipment for biogas;

6 (j) Investments in zero-carbon emission resources, including  
7 installing generation capacity at levies, irrigation canals, and  
8 existing unpowered dams that comply with all federal and state  
9 permitting requirements;

10 (k) Investments that lower net emissions through fuel switching;

11 (l) Incentives for small businesses to support energy efficiency  
12 and the replacement of equipment;

13 (m) Other measures determined by the governing body to meet the  
14 requirements of subsection (5) of this section; and

15 (n) The reasonable costs of administration of the clean energy  
16 investment program, as determined by the department.

17 (7) In order to maintain eligibility for the tax credit under  
18 section 301 of this act and to continue to retain authority to expend  
19 money from the utility's clean energy investment account, a consumer-  
20 owned energy utility must submit and receive approval from the  
21 governing body of the consumer-owned energy utility of an updated  
22 clean energy investment plan every two years.

23 NEW SECTION. **Sec. 305.** AGGREGATION OF THE CARBON POLLUTION TAX  
24 CREDIT AND JOINT DEVELOPMENT OF CLEAN ENERGY INVESTMENT PLANS. (1) A  
25 consumer-owned energy utility may enter into an agreement with a  
26 joint operating agency organized under chapter 43.52 RCW on or before  
27 January 1, 2017, to aggregate their claims against the carbon  
28 pollution tax imposed in section 102 of this act and to develop and  
29 implement a joint clean energy investment plan. Implementation of a  
30 joint clean energy investment plan may not begin until the governing  
31 bodies of all member utilities have approved the plan through a  
32 public process. The purpose of this section is to facilitate broad,  
33 equitable, and efficient use of the carbon pollution tax credit.

34 (2) A consumer-owned energy utility that is not a member of a  
35 joint operating agency may enter into an agreement with a nonprofit  
36 organization to aggregate their claims against the carbon pollution  
37 tax imposed in section 102 of this act and to develop and implement a  
38 joint clean energy investment plan. Implementation of a joint clean  
39 energy investment plan may not begin until the governing bodies of



1 all participating utilities have approved the plan through a public  
2 process. The purpose of this section is to facilitate broad,  
3 equitable, and efficient use of the carbon pollution tax credit.

4 (3) Each utility that enters into an agreement authorized in  
5 subsection (1) or (2) of this section must empower the joint  
6 operating agency or nonprofit organization to, on their behalf, claim  
7 the credit against the carbon pollution tax imposed in section 102 of  
8 this act. The joint operating agency or nonprofit organization must  
9 establish and maintain a separate clean energy investment account and  
10 deposit into that account amounts equal to the credits taken under  
11 this section. Moneys in this account must be kept separate from other  
12 accounts, and may only be expended for the purposes identified in  
13 this chapter.

14 NEW SECTION. **Sec. 306.** CLEAN ENERGY INVESTMENT PROGRAM  
15 EXPENDITURE MONITORING AND OVERSIGHT. (1) A consumer-owned energy  
16 utility or a joint operating agency or nonprofit organization on  
17 behalf of an aggregated group of consumer-owned utilities must submit  
18 annual reports to the department including, but not limited to:

19 (a) The status of projects approved in the previous clean energy  
20 investment plan; and

21 (b) Using the performance metrics established by the department:

22 (i) An accounting of greenhouse gas emissions reductions achieved  
23 and the cost per metric ton of emissions reductions compared to  
24 estimates of the cost per metric ton in emissions reductions  
25 contained in the clean energy investment plan; and

26 (ii) An updated estimate of future greenhouse gas emissions  
27 reductions and the estimated cost per metric ton.

28 (2) The state auditor is responsible for auditing compliance with  
29 the approved plan for consumer-owned energy utilities that are  
30 subject to the jurisdiction of the state auditor and the attorney  
31 general is responsible for enforcing that compliance. An independent  
32 auditor selected by a consumer-owned energy utility that is not  
33 subject to the jurisdiction of the state auditor is responsible for  
34 auditing compliance with the approved plan and the attorney general  
35 is responsible for enforcing that compliance.

36 (3) If the department determines that the plan or any project in  
37 the plan did not meet performance metrics, the department must notify  
38 the department of revenue. The department of revenue may require the

1 utility to remit remaining tax moneys dedicated for the nonperforming  
2 plan or project.

3 **Part IV**

4 **Energy Transformation Account Funds**

5 NEW SECTION. **Sec. 401.** A new section is added to chapter 43.31  
6 RCW to read as follows:

7 ENERGY TRANSFORMATION ACCOUNT. (1) The energy transformation  
8 account is created in the state treasury. The account must receive  
9 moneys distributed to the account from the carbon pollution reduction  
10 account created in section 107 of this act as well as other moneys  
11 directed to the account by the legislature. Moneys in the account  
12 must be used for projects and incentive programs that yield  
13 verifiable reductions in carbon pollution in excess of current  
14 practices, and may only be spent after appropriation. On a biennial  
15 basis a minimum of ten percent of the expenditures under this section  
16 must be for projects and activities located in communities designated  
17 under section 502 of this act.

18 (2) The department must solicit proposals and award grants for  
19 projects and incentive programs that reduce greenhouse gas emissions  
20 in Washington state or reduce emissions directly connected to energy  
21 use and other activity in Washington state.

22 (a) Grant awards must be aligned to a strategy, which when  
23 combined with the utility clean energy investments plans in sections  
24 205 and 304 of this act, are anticipated to achieve a net cumulative  
25 reduction of greenhouse gas emissions of twenty-five percent below  
26 1990 levels by the year 2035 within the amounts as appropriated.

27 (b)(i) The department of commerce must consider the  
28 recommendation of the Washington State University extension energy  
29 program in section 405 of this act in determining the award amount  
30 offered for a given project and the appropriate process or method for  
31 awarding proposals in that program area.

32 (ii) The award amounts must reflect the impact of the carbon  
33 pollution tax in section 102 of this act, and the availability of  
34 other public incentives or credits to determine the minimum level  
35 necessary to catalyze investment of each project type but avoid  
36 windfall profits in projects.

37 (iii) Award amounts from the energy transformation account may  
38 not exceed one hundred dollars in 2017 dollars per ton of carbon

1 dioxide equivalent or reduced emissions of greenhouse gases; however  
2 the total project cost per ton of reduced emissions may exceed that  
3 amount provided additional funding from another source.

4 (3) The department must consult with the department of ecology  
5 and the Washington State University extension energy program in the  
6 design and operation of the fund and must follow the guidelines and  
7 obligations set forth in the implementation plan created in section  
8 405 of this act.

9 (4) Priority must be given to the following:

10 (a) Projects and activities that provide benefits to low-income  
11 communities, communities of color, and communities of indigenous  
12 peoples provided the projects achieve equivalent net emissions  
13 reductions and are cost-competitive compared to other proposals;

14 (b) Consideration for procuring and using materials and content  
15 that have lower carbon emissions associated with their transportation  
16 and manufacturing, as determined through the best available reporting  
17 and assessment tools;

18 (c) Support for high quality labor standards, apprenticeship and  
19 preapprenticeship utilization and preferred entry standards,  
20 community workforce agreements with priority local hire, procurement  
21 from women and minority-owned businesses, procurement from and  
22 contract with entities that have a history of complying with federal  
23 and state wage and hour laws and regulations, and other related labor  
24 standards;

25 (d) Applications from entities subject to the carbon pollution  
26 tax under section 102 of this act who are not eligible to receive  
27 credits under sections 202 or 301 of this act;

28 (e) Applications from consumer-owned energy utilities with  
29 retained credit amounts of less than five million dollars annually  
30 for comparable incentives for utility customers who otherwise would  
31 not have access to the programs, services, and investments offered in  
32 a clean energy investment plan as provided in sections 205 and 304 of  
33 this act; and

34 (f) Projects with a high leverage ratio of nonenergy  
35 transformation account funds to energy transformation account funds,  
36 excluding funding sourced from utility credits as provided in  
37 sections 205 and 304 of this act.

38 (5)(a) Projects and incentive programs must meet all of the  
39 following criteria to be eligible for funding. Emissions reductions  
40 from projects and incentive programs must be:

1 (i) Real, specific, identifiable, and quantifiable;

2 (ii) Permanent: The department will look to other jurisdictions  
3 in setting this standard and will make a reasonable determination on  
4 length of time recognizing the advantages of near-term reductions and  
5 the potential for future technology to mitigate the long-term release  
6 of greenhouse gas emissions into the atmosphere;

7 (iii) Enforceable by the state of Washington;

8 (iv) Verifiable; and

9 (v) Not eligible for funding, if an emissions reduction is  
10 required by another statute, rule, or other legal requirement, or is  
11 approved under a clean energy investment plan as provided in sections  
12 205 and 304 of this act, or can be reasonably assumed to occur absent  
13 additional funding in the near future.

14 (b) Funding may be provided for incremental carbon reductions  
15 from projects which have already secured funding, but can furnish  
16 more carbon reductions with additional resources.

17 (6) Emissions reductions resulting in part or in whole from the  
18 policies listed in (a) through (d) of this subsection (6) are  
19 eligible under this program:

20 (a) Commute trip reduction programs as established through RCW  
21 70.94.527 under WAC 173-442-160(3);

22 (b) Carbon dioxide emissions from the industrial combustion of  
23 biomass in the form of fuel wood, wood waste, wood by-products, and  
24 wood residuals are carbon neutral and result in zero CO<sub>2</sub> emissions as  
25 defined under RCW 70.235.020(3);

26 (c) Washington's carbon dioxide mitigation standard for fossil-  
27 fueled electric generation facilities, through an energy facility  
28 site evaluation council site certificate or by chapter 80.70 RCW; and

29 (d) The acquisition of conservation and energy efficiency in  
30 excess of the targets required by the energy independence act under  
31 RCW 19.285.040.

32 (7) The department must consider projects and incentive programs  
33 for the following activities:

34 (a) Industrial energy efficiency, including projects that  
35 increase the energy efficiency or reduce the greenhouse gas emissions  
36 at manufacturing facilities. Examples include projects to implement  
37 combined heat and power, district energy, or on-site renewables or to  
38 upgrade existing equipment such as boilers to more efficient models  
39 and to switch to less carbon intensive fuel sources. Projects that  
40 reduce process emissions may also be considered;

1 (b) Clean transportation, including projects and programs that:  
2 (i) Exceed workplace targets for commute trip reduction under the  
3 authority of chapter 70.94 RCW; accelerate uptake of renewable fuels  
4 and electrification in transit and other vehicle fleets; promote  
5 advanced-technology transportation networks that achieve greater  
6 safety and energy efficiency; create electric vehicle charging or  
7 hydrogen refueling infrastructure; and increase equitable transit-  
8 oriented development; and (ii) implement biomethane or other gaseous  
9 or liquid biofuels for transportation that result in reduced  
10 greenhouse gas emissions;

11 (c) Energy efficiency and electrification for existing buildings,  
12 including projects that improve energy efficiency and utilize demand  
13 side management of electricity. A priority must be accorded to  
14 projects otherwise eligible and not receiving funding from  
15 investments pursuant to part III of this act;

16 (d) Agricultural, forestry, and other working lands emissions,  
17 including projects and programs that achieve energy efficiency and  
18 emission reductions in the agricultural sector including fertilizer  
19 management, soil management, bioenergy, and biogas;

20 (e) Other technologies not explicitly covered by the program in  
21 (a) through (d) of this subsection, such as proposals that diversify  
22 opportunities for addressing peak loads such as storage and demand  
23 response or advance market transformation, educate consumers, develop  
24 new low carbon fuels such as renewable natural gas, increase  
25 participation in programs, or that incentivize consumers to choose  
26 low carbon alternatives;

27 (f) Low carbon architecture, including projects that develop,  
28 promote, or result in buildings constructed of newly emerging  
29 alternative building materials that result in a lower carbon  
30 footprint in the built environment over the life cycle of the  
31 building and component building materials; and

32 (g) Decarbonization of aviation fuels, including projects and  
33 programs that accelerate the development of sustainable aviation fuel  
34 production facilities; reduce the cost differential between low  
35 carbon aviation fuels and fossil aviation fuels; promote greater  
36 coordination between regional sustainable aviation fuel production  
37 feedstock suppliers and producers; and increases sustainable aviation  
38 fuel access and integration into existing fueling infrastructure and  
39 pipelines.

1 (8) Recipients of funding for projects must submit to the  
2 department a progress report at a date or dates to be determined by  
3 the department. The progress report must include the following in  
4 addition to any other information the department may require:

5 (a) A summary of the investments made and technology or other  
6 changes installed and deployed; and

7 (b) Verification of the avoided greenhouse gas emissions since  
8 the date of the signed contract or the last report from a qualified  
9 third party, as identified by the department of commerce. The  
10 qualified third party must report on:

11 (i) Whether the project was built or implemented according to the  
12 proposed design and any protocols or methodologies that were  
13 referenced in the proposal, as approved in the funding contract;

14 (ii) A verification plan that details the methods used to  
15 evaluate the project;

16 (iii) Their review of the recipient's accounting of current and  
17 projected emissions reductions;

18 (iv) The site visits conducted by verifiers; and

19 (v) Any additional data as the department identifies by rule to  
20 sufficiently evaluate the project and to provide the highest level of  
21 integrity and verification for the emissions reductions.

22 (9) The department must design project funding contracts, monitor  
23 project implementation, and track contract performance, to actively  
24 assist the project proponent in securing the expected project  
25 outcomes. The department may suspend or terminate funding when  
26 projects do not achieve projected reductions as provided in the  
27 funding agreement and, in cases of gross misuse of funds, may require  
28 a return of grant funding.

29 (10) Amounts must be appropriated to the department from the  
30 account for the department's and other agencies' costs to administer  
31 the projects and programs in this section.

32 (11) The department may adopt rules necessary to implement this  
33 section.

34 (12) Public entities, including but not limited to state  
35 agencies, municipal corporations, and federally recognized Indian  
36 tribes, and private entities, both not-for-profit and for-profit, are  
37 eligible to receive energy transformation account funds authorized by  
38 this section.

39 (13) The department must develop an electronic database available  
40 to the public to track projects and incentive programs receiving

1 funding under this section. Projects will be ranked and sortable  
2 based on quantitative performance metrics, including the avoided cost  
3 of a ton of carbon dioxide.

4 NEW SECTION. **Sec. 402.** SEQUESTRATION OF CARBON. (1) Funds  
5 appropriated from the account created in section 401 of this act may  
6 be used for the following carbon sequestration activities using  
7 procedures and criteria developed by the appropriate state agencies,  
8 in consultation with Indian tribes, universities, and stakeholders  
9 with expertise on natural resources and carbon sequestration:

10 (a) Sequestration of carbon in aquatic marine and freshwater  
11 natural resources. The recreation and conservation office with  
12 technical assistance from the department of natural resources will  
13 award grants for blue carbon projects, such as wetland and seagrass  
14 restoration projects, that result in aquatic carbon sequestration  
15 outcomes with priority given, when relevant, to projects that also  
16 provide multiple benefits for coastal and wetland habitat restoration  
17 and are consistent with the Puget Sound partnership action agenda  
18 produced under chapter 90.71 RCW;

19 (b) Sequestration of carbon in agricultural lands and soils. The  
20 department of agriculture will award grants for projects to increase  
21 soil sequestration and reduce emissions from the loss and disturbance  
22 of soils and conversion of grassland and cropland soils to urban  
23 development;

24 (c) Sequestration of carbon in terrestrial, riparian, and aquatic  
25 habitats. The recreation and conservation office with technical  
26 assistance from the department of natural resources will award grants  
27 for projects and activities that protect and prevent the loss of  
28 ecosystems that provide fish and wildlife habitat and carbon  
29 sequestration values;

30 (d) The establishment of a working forest conservation grant  
31 program developed and administered by the recreation and conservation  
32 office with technical assistance from the department of natural  
33 resources. The procedures and criteria must be developed in  
34 consultation with Indian tribes and be designed to achieve additional  
35 carbon absorption and sequestering values provided by Washington's  
36 working forests. The procedures and criteria must also include, at a  
37 minimum, a mechanism for ranking project applicants that allows for  
38 the prioritization of projects that maximize the acres of working  
39 forests able to be maintained by the program, considering

1 scientifically based, landscape scale forest ecosystem carbon  
2 sequestration calculations to determine the life-cycle carbon  
3 sequestration capacity of the carbon stored in wood from the working  
4 forest and including consideration of carbon sequestered in resulting  
5 wood building materials. The working forest conservation program must  
6 be designed to add to the carbon sequestration value in working  
7 forests, prevent conversion of working forests to nonforestry uses,  
8 avoid wood market leakage through a sustainable supply of timber,  
9 ensure the ecological longevity of working forests, and provide long-  
10 term, sustainable jobs in rural communities.

11 (i) The priority uses of funds in the working forest conservation  
12 program must be to:

13 (A) Fund the acquisition or transfer of development rights or  
14 other property interests designed to limit or prevent the loss of  
15 working forests and their associated carbon absorbing and  
16 sequestering value; and

17 (B) Provide grants for the purchase of nonforested land for the  
18 purpose of afforestation and establishing a working forest.

19 (ii) If the recreation and conservation office determines it is  
20 necessary to capture a forest's carbon sequestration potential, the  
21 program may include the acquisition of easements for forest land for  
22 which there is a comparatively high probability that contiguous  
23 forestland acreage will eventually be converted to nonforestry uses,  
24 otherwise sold in smaller acreage parcels, or its timber stock  
25 liquidated in the near term.

26 (iii) The recreation and conservation office may give preference  
27 under this subsection (1)(d) to projects that are proposed by small  
28 forest landowners as defined in RCW 76.09.450.

29 (2) The projects funded under this section must prioritize and  
30 rank projects considering the achievement of carbon sequestration and  
31 the comparative need of the applicants. Associated benefits that must  
32 also be considered include improving landscape scale ecological  
33 functions to protect water, soils, and provide improved fish and  
34 wildlife habitat.

35 NEW SECTION. **Sec. 403.** A new section is added to chapter 43.31  
36 RCW to read as follows:

37 CLEAN TRANSPORTATION ACCOUNT. Annually, thirty percent of the  
38 moneys from the energy transformation account under section 401 of  
39 this act must be deposited by the state treasurer into the clean



1 transportation account, hereby created as a subaccount in the  
2 multimodal transportation account. Moneys in the account may only be  
3 spent after appropriation. Of the funds in the account:

4 (1) Eighty-five percent of the moneys must be provided to offset  
5 some or all of the state fiscal impacts of the following activities:

6 (a) The alternative fuel vehicle tax exemption pursuant to RCW  
7 82.08.809 and 82.12.809;

8 (b) The alternative fuel commercial vehicle tax credit pursuant  
9 to RCW 82.16.0496;

10 (c) Tax credits provided for biodiesel feedstock pursuant to RCW  
11 82.08.0205 and 82.12.0205;

12 (d) Expenditures from the clean energy account under section 601,  
13 chapter . . . (Substitute Senate Bill No. 6080), Laws of 2018; and

14 (e) Funding for projects that can demonstrate reduced single-  
15 occupant vehicle trips and increased transit ridership, including  
16 park and rides, increased transit service, regional mobility grants,  
17 rural mobility grants, transit priority infrastructure projects,  
18 transit pass subsidies, and the commute trip reduction act; and

19 (2) Fifteen percent of the moneys to support the electrification  
20 of transportation in rural communities pursuant to section 404 of  
21 this act.

22 (3) The department must utilize the cumulative impact analysis in  
23 section 502 of this act and ensure expenditures prioritize highly  
24 impacted communities.

25 NEW SECTION. **Sec. 404.** A new section is added to chapter 43.31  
26 RCW to read as follows:

27 RURAL ELECTRIFICATION PROJECTS. (1) The department of commerce  
28 must administer a grant program designed to support the  
29 electrification of transportation in rural communities with a legacy  
30 of nonfossil fuel generated electric power. Eligible grant recipients  
31 may be public entities, including municipal corporations, school  
32 districts, public transit benefit areas, and consumer-owned  
33 utilities; federally recognized Indian tribes; and private entities,  
34 both not-for-profit and for-profit.

35 (2) Grants must be awarded in counties with a population of less  
36 than two hundred fifty thousand based on 2010 census data served by a  
37 consumer-owned utility with an electric resources portfolio that is  
38 composed of at least ninety percent renewable resources as defined in  
39 RCW 19.285.030 as existing on the effective date of this section, and

1 electrification projects must be served by that consumer-owned  
2 utility. In addition, the department must utilize the cumulative  
3 impact analysis in section 502 of this act and ensure expenditures  
4 prioritize highly impacted communities.

5 (3) Moneys received by an entity pursuant to this subsection must  
6 be spent on the development and implementation of the following  
7 greenhouse gas reducing activities in their respective county:

8 (a) The electrification of transportation in all industry  
9 sectors; to include but not be limited to the conversion of passenger  
10 and commercial vehicles, short-haul agricultural, private and public  
11 fleets, including transit fleets, and school buses.

12 (b) Programs or investments to support energy efficiency and  
13 conservation measures, including but not limited to projects or  
14 research designed to increase the efficiency and production  
15 capability of hydroelectric project generation, demand response and  
16 enhanced energy efficiency, and measures beyond the conservation  
17 targets required in RCW 19.285.040(1).

18 (4) The department of commerce must set potential annual award  
19 amounts for each eligible county based on available funds. Potential  
20 award amounts must be set at an amount equal to the percentage of the  
21 population of each eligible county in proportion to the population of  
22 all eligible counties, based on 2010 census data.

23 (5) The department must prioritize applications which demonstrate  
24 strong community partnerships and leverage the participation and  
25 investment of private businesses. A consumer-owned energy utility  
26 receiving funds must follow the process and procedures of a clean  
27 energy investment plan as provided in section 304 of this act  
28 concerning expenditures, monitoring, auditing, and oversight for  
29 consumer-owned utilities. Receiving moneys pursuant to this  
30 subsection does not preclude submitting proposals or receiving  
31 additional grants under the energy transformation account in section  
32 401 of this act.

33 (6) Moneys not expended according to potential awards pursuant to  
34 subsection (4) of this section must first be made available to other  
35 eligible entities on a competitive grant basis. Any remaining funds  
36 must be transferred to the energy transformation account created in  
37 section 401 of this act.

38 NEW SECTION. **Sec. 405.** A new section is added to chapter 43.31  
39 RCW to read as follows:

1 IMPLEMENTATION PLAN FOR THE ENERGY TRANSFORMATION ACCOUNT. (1)

2 The department must, by June 30, 2019, develop an implementation plan  
3 for the investment of the energy transformation account. This  
4 planning and preparation must include:

5 (a) Analysis, to be implemented in partnership with the  
6 Washington State University extension energy program, to further  
7 determine overall carbon pollution abatement opportunities in  
8 Washington. The analysis may include the development of a marginal  
9 abatement cost curve for Washington that may be used by the  
10 department to recommend appropriate award amounts per metric ton of  
11 carbon dioxide equivalent of greenhouse gas emissions reductions for  
12 a variety of clean energy, efficiency, transportation  
13 electrification, and other project portfolio types. By March 1, 2021,  
14 and by March 1st of each odd-numbered year thereafter, the Washington  
15 State University extension energy program and the department of  
16 commerce must update the recommended amounts per metric ton of  
17 emissions reductions for the following two-year period;

18 (b) Preparation of robust monitoring and evaluation systems to  
19 ensure that the effects and cost-effectiveness of grants are  
20 rigorously assessed and that such assessments are used over time to  
21 inform and strengthen the grant-making process;

22 (c) Assessment and development of efficient and transparent  
23 grant-making strategies designed to ensure program objectives are met  
24 and taxpayer interests are protected including, but not limited to,  
25 leveraging investments through partnerships, reverse auctions, and  
26 pay-for-performance mechanisms in which funding is released upon  
27 emissions reductions verifications and the development of incentive  
28 programs;

29 (d) Outreach and education to engage eligible recipients for  
30 grant funding and to prepare them to develop and submit grant  
31 applications for priority projects;

32 (e) Utilization of the cumulative impact analysis in section 502  
33 of this act to ensure expenditures prioritize highly impacted  
34 communities; and

35 (f) Assessment of the relationship between priority areas of the  
36 energy transformation account and the carbon reduction policies and  
37 plans being made by key sectors in the state, including the state's  
38 aviation sector. In the last five years, aviation fuel consumption in  
39 Washington has grown more than twenty percent, and is projected to  
40 continue to grow in step with population growth and economic

1 development. Airport operators in the state have set aggressive goals  
2 to reduce the carbon emissions associated with their operations,  
3 while also helping to support development of a sustainable fuels  
4 supply chain in a manner that would support rural economic  
5 development. The department should address these activities in its  
6 implementation plan, and seek to ensure that the state's investments  
7 through the energy transformation account support a sustainable  
8 future for the aviation sector in Washington state.

9 (2) The department must implement a performance management  
10 system, complete an independent audit every two years, and report the  
11 results of each assessment to the joint committee on climate programs  
12 oversight created in section 801 of this act and to the appropriate  
13 committees of the legislature.

14 **Part V**  
15 **Transition Assistance**

16 NEW SECTION. **Sec. 501.** TRANSITION ASSISTANCE ACCOUNT. (1) The  
17 legislature finds that increased energy expenses will have a  
18 disproportionate impact upon the finances of low-income households  
19 engaging in life-sustaining activities including but not limited to  
20 heating, cooling, and transportation. The legislature therefore  
21 creates the transition assistance account to provide a financially  
22 equitable transition to a clean energy economy by providing economic,  
23 financial, and public health supports, programs, services, and  
24 assistance to low-income households. Additionally, in providing  
25 mitigation of the impact of carbon pricing on those most impacted,  
26 the legislature intends to provide general property tax relief in  
27 combination with this legislation.

28 (2) The transition assistance account is created in the state  
29 treasury. The account must receive moneys distributed to the account  
30 from the carbon pollution reduction account created in section 107 of  
31 this act as well as other moneys directed to the account by the  
32 legislature. Moneys in the account may only be used for the purposes  
33 described in this section and sections 503 and 504 of this act, and  
34 may only be spent after appropriation.

35 NEW SECTION. **Sec. 502.** (1) By December 31, 2018, for the  
36 purposes of mitigating harm from climate change and dangerous air  
37 pollutants that impact human health or the environment and are

1 regulated under the federal clean air act or chapter 70.94 RCW, the  
2 department of health must conduct or adopt a cumulative impact  
3 analysis to designate the communities highly impacted by fossil fuel  
4 pollution and climate change in Washington.

5 (2) The cumulative impact analysis must map, rank, and designate  
6 a percentile of census tracts as highly impacted communities based on  
7 an index of criteria, including:

8 (a) Vulnerable population characteristics including, but not  
9 limited to, socioeconomic factors, like unemployment, housing and  
10 transportation burden, and linguistic isolation, and sensitivity,  
11 such as low birth weight and hospitalizations;

12 (b) Environmental burden characteristics including, but not  
13 limited to, exposures to air, water, and toxics and environmental  
14 effects such as toxic sites, hazardous waste, and climate impacts;  
15 and

16 (c) Census tracts that are wholly or partly "Indian country," as  
17 that term is defined in 25 U.S.C. Sec. 1151, in effect on the  
18 effective date of this section.

19 (3) The department of health must conduct meaningful consultation  
20 with vulnerable communities in Washington, including Indian tribes,  
21 and consult the University of Washington department of environmental  
22 and occupational health sciences in developing the analysis, or adopt  
23 an analysis that included this consultation.

24 (4) The cumulative impact analysis may integrate with and build  
25 upon other population tracking resources used by the department of  
26 health and analysis done by the University of Washington department  
27 of environmental and occupational health sciences.

28 (5) By March 1, 2023, and every two years thereafter, the  
29 department of health, under advisement from the economic and  
30 environmental justice oversight panel created under section 805 of  
31 this act, must update the designation of highly impacted communities  
32 pursuant to this section. By March 1, 2025, and every four years  
33 thereafter, the department of health must review and consider  
34 revisions to the cumulative impacts methodology for designating  
35 highly impacted communities to reflect best practices.

36 NEW SECTION. **Sec. 503.** ENERGY TRANSITION ASSISTANCE TO LOW-  
37 INCOME HOUSEHOLDS. (1) Using funds appropriated from the account  
38 created in section 501 of this act, the department of commerce must  
39 provide for an equitable transition to a clean energy economy by

1 providing funding to assist low-income households during that  
2 transition with increased energy prices that will have a  
3 disproportionate impact upon such households and to provide access to  
4 clean energy and low carbon housing, transportation options, and  
5 technologies to those with greater barriers and where pollution is  
6 concentrated. For the purposes of this section, the term "low income"  
7 means at or below eighty percent of area median income or two hundred  
8 percent of the federal poverty level.

9 (2) Funding must be prioritized to mitigate any additional energy  
10 and transportation costs borne by low-income persons as a direct  
11 result of this act and not fully mitigated by utilities plans in  
12 sections 201 through 306 of this act and the reduced vehicle fees  
13 under sections 506 through 508 of this act. Funding must also be  
14 prioritized to provide assistance to displaced fossil fuel-related  
15 industries workers as provided under section 504 of this act.  
16 Remaining funds must be used to reduce carbon pollution and reduce  
17 vulnerable population characteristics or environmental burdens in  
18 highly impacted communities designated by the department of health  
19 under section 502 of this act.

20 (3) Transition assistance under this chapter may include direct  
21 financial assistance in the form of a grant, subsidy, rebate, or  
22 other similar financial benefit or product including:

23 (a) Through expansion of or increases to existing programs and  
24 authorizations administered by the department of social and health  
25 services;

26 (b) Expansion or increases to existing regional community health  
27 programs administered by the health care authority; or

28 (c) New programs that efficiently enable direct financial  
29 assistance.

30 (4) The assistance may include but is not limited to programs  
31 such as energy bill pay subsidies, energy efficiency and  
32 weatherization assistance and services, public health programs and  
33 services, affordable transportation services and options, affordable  
34 housing, improved community services, and reductions in vehicle fees  
35 as provided in sections 506, 507, and 508 of this act.

36 (5) The department must form a transition assistance advisory  
37 group comprised of appropriate state agencies, local governments,  
38 Indian tribes, social service agencies, workers, representatives of  
39 vulnerable populations in highly impacted communities, and low-income  
40 and community advocacy organizations to develop an implementation

1 plan that selects the most efficient and financially equitable  
2 delivery of transition assistance to low-income households across the  
3 state. The department must consult with and take into strong  
4 consideration the recommendations of the advisory group, as well as  
5 the views of the economic and environmental justice oversight panel  
6 created under section 805 of this act. The advisory group may consist  
7 of a subcommittee of the panel created under section 805 of this act.  
8 The implementation plan together with recommendations for  
9 appropriations and recommended legislative action must be provided to  
10 the joint committee on climate programs oversight created in section  
11 801 of this act and to the governor and appropriate committees of the  
12 senate and house of representatives not later than December 31, 2018.

13 NEW SECTION. **Sec. 504.** ENERGY TRANSITION ASSISTANCE TO  
14 DISPLACED WORKERS. (1) Using funds appropriated from the account  
15 created in section 501 of this act, the department of commerce, with  
16 the assistance of the employment security department and in  
17 consultation with fossil fuel-related businesses, labor  
18 organizations, and the panel created in section 805 of this act, must  
19 develop a program and provide assistance to eligible displaced fossil  
20 fuel-related industries workers.

21 (2) The assistance provided for in subsection (1) of this section  
22 may include, but is not limited to:

23 (a) Wage, pension, and health benefits replacement for up to two  
24 years; the replacement assistance must be based on the average of the  
25 worker's previous two years' wages received, pension contributions  
26 made by the employer for the worker's benefit, and the cost to the  
27 employer of the worker's health insurance benefits while the worker  
28 was working in the fossil fuel-related industry;

29 (b) Notwithstanding the benefits in (a) of this subsection,  
30 displaced workers with more than five years of employment in the  
31 industry are eligible for up to two years of wage insurance;

32 (c) For a worker who is within five years of eligibility for a  
33 union pension or social security, the period of time the replacement  
34 assistance described in (a) of this subsection may be paid continues  
35 until the worker is eligible for the union pension or full social  
36 security benefits, whichever is later;

37 (d) Training and education costs not to exceed the average cost  
38 of two years tuition and fees at Washington state's community and  
39 technical colleges;

- 1 (e) Peer counseling services;
- 2 (f) Enhanced job placement services; and
- 3 (g) Relocation expenses and assistance.

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

6 (a) "Eligible displaced fossil fuel-related industries worker"  
7 means a fossil fuel-related industries worker who:

8 (i)(A) Has been terminated or received notice of termination from  
9 employment and is unlikely to return to employment in the  
10 individual's principal occupation or previous industry because of a  
11 diminishing demand for the individual's skills in that occupation or  
12 industry; or

13 (B) Is self-employed and has been displaced from the individual's  
14 business because of the diminishing demand for the business'  
15 services; and

16 (ii) Was working at a fossil fuel-related industries facility  
17 when at least one of the following situations occurs with respect to  
18 the facility:

19 (A) Any permanent fossil fuel facility or major portion thereof  
20 is permanently closed or curtailed, or closed or curtailed for more  
21 than six months;

22 (B) A facility reduces production by more than three percent  
23 relative to its average production over the previous three years; or

24 (C) A facility's production is replaced by an increase in fossil  
25 fuels imported into the state from foreign or domestic sources.

26 (b) "Fossil fuel-related industries" means petroleum refining,  
27 natural gas distribution, oil and gas pipeline construction and  
28 transportation, petroleum bulk stations and terminals, and fossil  
29 fuel-based electric power generation in Washington state.

30 (c) "Fossil fuel-related industries worker" means a full-time  
31 worker who is covered under a collective bargaining agreement, and is  
32 a nonsupervisory worker; or is a full-time independent contractor  
33 working in the fossil fuel-related industries.

34 NEW SECTION. **Sec. 505.** EDUCATION PROGRAMS. Using funds  
35 appropriated from the account created in section 501 of this act, the  
36 office of the superintendent of public instruction may provide  
37 education programs and teacher professional development opportunities  
38 at public schools to expand awareness of and increase preparedness  
39 for the environmental, social, and economic impacts of climate change



1 and strategies to reduce carbon pollution, and to prepare all  
2 students for employment opportunities in the clean energy economy.

3 NEW SECTION. **Sec. 506.** REPORTING. The department of commerce  
4 must provide reports on assistance provided to low-income persons  
5 under section 503 of this act and to displaced fossil fuel-related  
6 industry workers under section 504 of this act to the joint committee  
7 on climate programs oversight created under section 801 of this act  
8 at such intervals as the committee requests.

9 **Sec. 507.** RCW 46.17.005 and 2010 c 161 s 501 are each amended to  
10 read as follows:

11 (1)(a) A person who applies for a vehicle registration or for any  
12 other right to operate a vehicle on the highways of this state  
13 (~~shall~~) must pay a three dollar filing fee in addition to any other  
14 fees and taxes required by law.

15 (b) Subsection (1)(a) of this section does not apply to a person  
16 with an income at or below two hundred percent of the federal poverty  
17 line. On the last day of January, April, July, and October of each  
18 year, the state treasurer, based upon information provided by the  
19 department, must transfer from the transition assistance account  
20 created in section 501 of this act for distribution under RCW  
21 46.68.400 a sum equal to the dollar amount that would otherwise have  
22 been distributed under subsection (3) of this section during the  
23 prior calendar quarter but for the exemption provided in this  
24 subsection (1)(b).

25 (2) A person who applies for a certificate of title (~~shall~~)  
26 must pay a four dollar filing fee in addition to any other fees and  
27 taxes required by law.

28 (3) The filing fees established in this section must be  
29 distributed under RCW 46.68.400.

30 **Sec. 508.** RCW 46.17.350 and 2014 c 30 s 2 are each amended to  
31 read as follows:

32 (1) Except as provided in subsection (2) of this section, before  
33 accepting an application for a vehicle registration, the department,  
34 county auditor or other agent, or subagent appointed by the director  
35 (~~shall~~) must require the applicant, unless specifically exempt, to  
36 pay the following vehicle license fee by vehicle type:

	VEHICLE TYPE	INITIAL FEE	RENEWAL FEE	DISTRIBUTED UNDER
1				
2				
3	(a) Auto stage, six seats or	\$ 30.00	\$ 30.00	RCW 46.68.030
4	less			
5	(b) Camper	\$ 4.90	\$ 3.50	RCW 46.68.030
6	(c) Commercial trailer	\$ 34.00	\$ 30.00	RCW 46.68.035
7	(d) For hire vehicle, six	\$ 30.00	\$ 30.00	RCW 46.68.030
8	seats or less			
9	(e) Mobile home (if	\$ 30.00	\$ 30.00	RCW 46.68.030
10	registered)			
11	(f) Moped	\$ 30.00	\$ 30.00	RCW 46.68.030
12	(g) Motor home	\$ 30.00	\$ 30.00	RCW 46.68.030
13	(h) Motorcycle	\$ 30.00	\$ 30.00	RCW 46.68.030
14	(i) Off-road vehicle	\$ 18.00	\$ 18.00	RCW 46.68.045
15	(j) Passenger car	\$ 30.00	\$ 30.00	RCW 46.68.030
16	(k) Private use single-axle	\$ 15.00	\$ 15.00	RCW 46.68.035
17	trailer			
18	(l) Snowmobile	\$ 50.00	\$ 50.00	RCW 46.68.350
19	(m) Snowmobile, vintage	\$ 12.00	\$ 12.00	RCW 46.68.350
20	(n) Sport utility vehicle	\$ 30.00	\$ 30.00	RCW 46.68.030
21	(o) Tow truck	\$ 30.00	\$ 30.00	RCW 46.68.030
22	(p) Trailer, over 2000	\$ 30.00	\$ 30.00	RCW 46.68.030
23	pounds			
24	(q) Travel trailer	\$ 30.00	\$ 30.00	RCW 46.68.030
25	(r) Wheeled all-terrain	\$ 12.00	\$ 12.00	RCW 46.09.540
26	vehicle, on-road use			
27	(s) Wheeled all-terrain	\$ 18.00	\$ 18.00	RCW 46.09.510
28	vehicle, off-road use			

29       (2) Subsection (1)(a), (d), (e), (h), (j), (n), and (o) of this  
30 section do not apply to an applicant with an income at or below two  
31 hundred percent of the federal poverty line. On the last day of  
32 January, April, July, and October of each year, the state treasurer,  
33 based upon information provided by the department, must transfer from  
34 the transition assistance account created in section 501 of this act  
35 for distribution under RCW 46.68.030 a sum equal to the dollar amount

1 that would otherwise have been distributed under subsection (1) of  
2 this section during the prior calendar quarter but for the exemption  
3 provided in this subsection (2).

4 (3) The vehicle license fee required in subsection (1) of this  
5 section is in addition to the filing fee required under RCW  
6 46.17.005, and any other fee or tax required by law.

7 **Sec. 509.** RCW 46.17.365 and 2015 3rd sp.s. c 44 s 202 are each  
8 amended to read as follows:

9 (1) Except as provided in subsection (2) of this section, a  
10 person applying for a motor vehicle registration and paying the  
11 vehicle license fee required in RCW 46.17.350(1) (a), (d), (e), (h),  
12 (j), (n), and (o) (~~shall~~) must pay a motor vehicle weight fee in  
13 addition to all other fees and taxes required by law.

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

- 16 (i) Must be based on the motor vehicle scale weight;
- 17 (ii) Is the difference determined by subtracting the vehicle  
18 license fee required in RCW 46.17.350 from the license fee in  
19 Schedule B of RCW 46.17.355, plus two dollars; and
- 20 (iii) Must be distributed under RCW 46.68.415.

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

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

24	WEIGHT	FEE
25	4,000 pounds	\$ 25.00
26	6,000 pounds	\$ 45.00
27	8,000 pounds	\$ 65.00
28	16,000 pounds and over	\$ 72.00;

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

32 (iii) Must be distributed under RCW 46.68.415 unless prior to  
33 July 1, 2023, the actions described in (b)(iii)(A) or (B) of this  
34 subsection occur, in which case the portion of the revenue that is  
35 the result of the fee increased in this subsection must be  
36 distributed to the connecting Washington account created under RCW  
37 46.68.395.

1 (A) Any state agency files a notice of rule making under chapter  
2 34.05 RCW for a rule regarding a fuel standard based upon or defined  
3 by the carbon intensity of fuel, including a low carbon fuel standard  
4 or clean fuel standard.

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

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

14 (2) Subsection (1) of this section does not apply to a person  
15 with an income at or below two hundred percent of the federal poverty  
16 line, but only if the person's motor vehicle falls under the 4,000  
17 pounds or 6,000 pounds fee schedule in subsection (1)(b)(i) of this  
18 section. On the last day of January, April, July, and October of each  
19 year, the state treasurer, based upon information provided by the  
20 department, must transfer from the transition assistance account  
21 created in section 501 of this act for distribution under subsection  
22 (1)(b)(iii) of this section a sum equal to the dollar amount that  
23 would otherwise have been distributed under subsection (1)(b)(iii) of  
24 this section during the prior calendar quarter but for the exemption  
25 provided in this subsection (2).

26 (3) A person applying for a motor home vehicle registration  
27 (~~shall~~) must, in lieu of the motor vehicle weight fee required in  
28 subsection (1) of this section, pay a motor home vehicle weight fee  
29 of seventy-five dollars in addition to all other fees and taxes  
30 required by law. The motor home vehicle weight fee must be  
31 distributed under RCW 46.68.415.

32 ~~((3))~~ (4) Beginning July 1, 2022, in addition to the motor  
33 vehicle weight fee as provided in subsection (1) of this section, the  
34 department, county auditor or other agent, or subagent appointed by  
35 the director must require an applicant to pay an additional weight  
36 fee of ten dollars, which must be distributed to the multimodal  
37 transportation account under RCW 47.66.070 unless prior to July 1,  
38 2023, the actions described in (a) or (b) of this subsection occur,  
39 in which case the portion of the revenue that is the result of the

1 fee increased in this subsection must be distributed to the  
2 connecting Washington account created under RCW 46.68.395.

3 (a) Any state agency files a notice of rule making under chapter  
4 34.05 RCW for a rule regarding a fuel standard based upon or defined  
5 by the carbon intensity of fuel, including a low carbon fuel standard  
6 or clean fuel standard.

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

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

16 ((4)) (5) The department (~~shall~~) must:

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

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

22 **Part VI**  
23 **Climate Resilience**

24 NEW SECTION. **Sec. 601.** WATER AND NATURAL RESOURCES RESILIENCE  
25 ACCOUNT. (1) The water and natural resources resilience account is  
26 created in the state treasury. The account must receive moneys  
27 distributed to the account from the carbon pollution reduction  
28 account created in section 107 of this act as well as other moneys  
29 directed to the account by the legislature. Moneys in the account may  
30 only be used for the purposes described in sections 602 and 603 of  
31 this act. Within this account on a biennial basis, fifty percent of  
32 the funding appropriated from the account must be provided for the  
33 purposes set forth in section 602 of this act. The remaining moneys  
34 must be deposited to two subaccounts hereby created in the state  
35 treasury as follows:

36 (a) Twenty-five percent to the fire prevention and suppression  
37 account; and

38 (b) Seventy-five percent to the forest resilience account.

1 (2) Moneys in the account may not be used for projects that would  
2 violate tribal rights or result in long-term damage to critical  
3 habitat or ecological functions. Instead, investments under this  
4 account must result in long-term environmental benefit and increased  
5 resiliency to the impacts of climate change.

6 (3) The departments of ecology and natural resources must prepare  
7 such progress reports as required by the joint committee on climate  
8 programs oversight created under section 801 of this act, and prepare  
9 information as necessary to inform the government-to-government  
10 consultation with Indian tribes required under section 802 of this  
11 act.

12 NEW SECTION. **Sec. 602.** WATER-RELATED PROJECTS AND ACTIVITIES.

13 (1) From funds appropriated by the legislature from the account  
14 created in section 601 of this act, the department of ecology may  
15 provide grants and loans for water-related projects and activities  
16 described in this section. The department may not sign contracts or  
17 financially obligate funds from the account created in section 601 of  
18 this act before the legislature has appropriated funds for a specific  
19 list of project and activities. The department must develop an  
20 implementation plan for such expenditures using extensive public  
21 involvement and considering the peer-reviewed science on climate  
22 risks, resilience, and risk management. The department must consult  
23 with appropriate state agencies, Indian tribes, and the climate  
24 impacts group at the University of Washington in developing the  
25 implementation plan and funding criteria. On a biennial basis, a  
26 minimum of ten percent of the expenditures under this section must be  
27 for projects and activities that directly benefit highly impacted  
28 communities designated under section 502 of this act.

29 (2) The department may fund projects and activities that include  
30 but are not limited to:

31 (a) Project-specific planning, design, and construction projects  
32 that reduce stormwater impacts from existing infrastructure and  
33 development. Grants must be made available to public and private  
34 entities for projects that reduce stormwater impacts from existing  
35 infrastructure and development, where there is a substantial water  
36 quality benefit and the project is not required by court order or  
37 required as a condition of a local or state permit;

38 (b) Reducing the risk of flooding by restoring natural floodplain  
39 ecological functions, protecting against damage caused by floods, and

1 protecting or restoring naturally functioning areas where floods  
2 occur, including modeling of projected flood risks;

3 (c) Improving the availability and reliability of water supplies  
4 for instream and out-of-stream uses, including groundwater mapping  
5 and modeling;

6 (d) Construction by the department of transportation of fish  
7 barrier correction projects at state highways required by the  
8 injunction entered in *United States v. Washington (Civ No CV9213RSM)*.  
9 Where the department determines that the amounts appropriated exceed  
10 the current biennial appropriation necessary to meet the overall  
11 timeline for compliance with the injunction, the department may  
12 provide funding for fish barrier correction projects on state or  
13 local roadways, with the highest priority for funding to be accorded  
14 to projects with the greatest restoration of fish habitat access. In  
15 making awards for projects not subject to the injunction, the  
16 department must obtain the recommendations of the fish passage  
17 barrier removal board created in RCW 77.95.160;

18 (e) Projects to prepare for sea level rise and to restore and  
19 protect estuaries, fisheries, marine shoreline and inland habitats,  
20 including anadromous fish passage and habitat projects with a fair  
21 allocation of funding to all geographic regions of the state, and  
22 including small forest landowner fish passage barrier projects  
23 authorized under RCW 76.09.420; and

24 (f) Increasing the ability to adapt to and remediate the impacts  
25 of ocean acidification. This may include the activities of the  
26 Kenneth K. Chew center for shellfish research and restoration. The  
27 department must consult with the recreation and conservation office,  
28 and the climate impacts group and ocean acidification center at the  
29 University of Washington in developing the implementation for  
30 investments under this subsection (2)(f).

31 (3) The department must provide information about the projects  
32 when the government-to-government consultation with Indian tribes is  
33 conducted under section 802 of this act.

34 (4) The department must adopt rigorous performance-based criteria  
35 and objectives for funding decisions, and incorporate project  
36 implementation monitoring and evaluation requirements into the  
37 projects. Examples of numeric performance criteria include the  
38 quantity of offstream water supplies made available or more secure  
39 during drought, the number of rivers and streams meeting minimum flow  
40 standards, miles of river and stream habitat made available through

1 passage barrier removals, and the number of municipal stormwater  
2 discharges meeting state and federal standards.

3 (5) The department must utilize the cumulative impact analysis in  
4 section 502 of this act when developing the implementation plan and  
5 prioritize funding and investments to benefit highly impacted  
6 communities.

7 (6) The department must require annual progress reports by all  
8 recipients of funding under this section, and provide summaries of  
9 those reports and assessment of achievement of the performance-based  
10 criteria and objectives to the joint committee on climate programs  
11 oversight created under section 801 of this act at such intervals as  
12 the committee requests.

13 (7) The department must consult with the climate impacts group at  
14 the University of Washington, establish a citizen advisory group to  
15 provide input on the development of project funding criteria and  
16 project funding decisions, and must seek input from the panel created  
17 under section 805 of this act.

18 NEW SECTION. **Sec. 603.** NATURAL RESOURCES-RELATED PROJECTS AND  
19 ACTIVITIES. (1) From funds appropriated by the legislature from the  
20 account created in section 601 of this act, the department of natural  
21 resources may undertake or contract for, and provide grants and loans  
22 for natural resources-related projects and activities described in  
23 this section. The department must develop an implementation plan for  
24 such expenditures using extensive public involvement and considering  
25 the best available science on climate risks, resilience, and risk  
26 management. The department must consult with appropriate state  
27 agencies, Indian tribes, and the climate impacts group at the  
28 University of Washington in developing the implementation plan and  
29 funding criteria.

30 (2)(a) Funds appropriated by the legislature from the forest  
31 resilience account must be used to improve forest and natural lands  
32 health and resilience to the impacts of climate change. The projects  
33 and activities that may be funded include but are not limited to  
34 thinning or prescribed fires, with priority given to projects  
35 prioritized subject to RCW 76.06.200 and 79.10.530 across any  
36 combination of voluntarily participating local, state, federal,  
37 tribal, and private ownerships that accommodates the management  
38 objectives of the landowner.



1 (b) The department of natural resources must consider the  
2 benefits of supporting cross-laminated timber and other mass timber  
3 technologies in its funding decisions and attempt to prioritize  
4 projects that help develop mass timber investment opportunities.

5 (c) The department must utilize the forest health advisory  
6 committee established in RCW 76.06.200 for input on forest health  
7 projects funded under this section.

8 (d) Nothing in this section provides a basis for regulations or  
9 nonvoluntary participation.

10 (3) The department of natural resources in partnership with the  
11 board for community and technical colleges will develop a center of  
12 excellence to research and promote renewable forest products and  
13 research to improve forest health and reduce fire risk.

14 (4) Funds appropriated by the legislature from the fire  
15 prevention and suppression account may be used to undertake agency  
16 activities and provide grants that go beyond existing state efforts  
17 for:

18 (a) Wildland fire prevention;

19 (b) Projects and activities that reduce the risk of wildland  
20 fires to communities and improve their ability to adapt to wildfires;  
21 and

22 (c) Supporting fire prevention, suppression, and recovery for  
23 tribal communities impacted and potentially impacted by wildfires.

24 (5) The department of natural resources must adopt rigorous  
25 performance-based criteria and objectives for funding decisions, and  
26 incorporate project implementation monitoring and evaluation  
27 requirements into projects funded under this section other than to  
28 the state board for community and technical colleges. Examples of  
29 numeric performance criteria include the number of acres thinned or  
30 otherwise treated to improve forest health, acres of forest for which  
31 wildland fire prevention measures have been implemented, and the  
32 number of communities in the wildland urban interface for which  
33 wildfire resilience and defense measures have been implemented.

34 (6) The department of natural resources must utilize the  
35 cumulative impact analysis in section 502 of this act and ensure  
36 expenditures prioritize highly impacted communities.

37 (7) The department of natural resources must require annual  
38 progress reports by all recipients of funding under this section  
39 other than the state board for community and technical colleges, and  
40 must also periodically summarize the department's activities. It must

1 submit those reports and an assessment of the achievement of the  
2 performance-based criteria and objectives to the joint committee on  
3 climate programs oversight created under section 801 of this act at  
4 such intervals as the committee requests.

5 (8) The department of natural resources may not provide funding  
6 to projects that would violate tribal rights or result in significant  
7 long-term damage to critical habitat or ecological functions. The  
8 department must provide information about the projects when the  
9 government-to-government consultation with Indian tribes is conducted  
10 under section 802 of this act.

11 (9) The department of natural resources must consult with the  
12 climate impacts group at the University of Washington and seek input  
13 from the panel created under section 805 of this act in the  
14 development of the funding program and in the review and selection of  
15 projects to be funded under this section. The department may also  
16 obtain input from existing advisory groups, including the forest  
17 health and wildland fire advisory committees created under RCW  
18 76.06.200 and 76.04.179.

## 19 Part VII

### 20 Rural Economic Development Account

21 NEW SECTION. **Sec. 701.** A new section is added to chapter 43.31  
22 RCW to read as follows:

23 RURAL ECONOMIC DEVELOPMENT ACCOUNT. (1) The rural economic  
24 development account is created in the state treasury. The account  
25 must receive moneys distributed to the account from the carbon  
26 pollution reduction account created in section 107 of this act as  
27 well as other moneys directed to the account by the legislature.  
28 Moneys in the account may only be used for the purposes described in  
29 this section, and may only be spent after appropriation.

30 (2) Using funds appropriated from the account, the department  
31 must provide assistance to rural communities. The assistance may  
32 include support for low carbon innovation and entrepreneurship,  
33 providing for increased affordable transportation options and  
34 services, partnerships and investments that enhance rural economic  
35 and natural resource resilience related to reducing greenhouse gas  
36 emissions, and encouraging telecommuting by funding the expansion of  
37 broadband and telecommunication services as provided under section  
38 702 of this act.

1 (3) The department must develop a grant application process to  
2 competitively select small businesses as defined under RCW  
3 19.85.020(3) to receive grant awards to assist with projects eligible  
4 for funding under the energy transformation account in section 401 of  
5 this act. The department must utilize the cumulative impact analysis  
6 in section 502 of this act and ensure expenditures prioritize highly  
7 impacted communities and consult with the economic and environmental  
8 justice oversight panel in section 805 of this act when designing and  
9 awarding grants under this subsection.

10 (4)(a) The state board for community and technical colleges must  
11 use funds deposited into this account to establish two clean energy  
12 centers for excellence in the state community and technical college  
13 system located in rural counties, with one center each devoted to:

14 (i) Renewable energy integration and generation; and

15 (ii) Smart grid technology and the next generation of hydropower  
16 resources.

17 (b) The centers must work with industry to ensure their program  
18 offerings are aligned with local employer needs. In addition, the  
19 state's energy research institutions must facilitate research and  
20 development, help attract investment in clean energy, and promote  
21 clean energy jobs across a range of sectors.

22 (5) The department may adopt rules necessary to implement this  
23 section.

24 NEW SECTION. **Sec. 702.** RURAL BROADBAND. The legislature intends  
25 that the sum of thirty million dollars, or as much thereof as may be  
26 necessary, be appropriated for the fiscal year ending June 30, 2020,  
27 from the rural economic development account to the department of  
28 commerce for the purpose of providing local governments, communities,  
29 public and private entities, federally recognized tribes, and  
30 consumer-owned and investor-owned energy utilities to develop  
31 strategies and plans for deployment of broadband infrastructure and  
32 access to broadband services to unserved and underserved areas of the  
33 state.

34 **Part VIII**

35 **Oversight of Climate Programs**

1           NEW SECTION.     **Sec. 801.**     JOINT COMMITTEE ON CLIMATE PROGRAMS

2     OVERSIGHT. (1) The joint committee on climate programs oversight is  
3     created. The committee must consist of:

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

5           (b) The commissioner of public lands or the commissioner's  
6     designee;

7           (c) The state auditor or the auditor's designee;

8           (d) Two members of the senate, appointed by the president of the  
9     senate, one from each major political party; and

10          (e) Two members of the house of representatives, appointed by the  
11     speaker, one from each major political party.

12          (2) The committee must select a chair from among its members. The  
13     committee must have staff support from the senate and house of  
14     representatives. All state agencies must provide information and  
15     assistance as requested by the committee in order to perform its  
16     responsibilities.

17          (3) The committee is responsible for ongoing review of the  
18     implementation of the carbon pollution tax and funding from the  
19     revenues of that tax to ensure the fairest, most efficient, and  
20     timely achievement of objectives in this act regarding greenhouse gas  
21     emissions reductions, transition assistance, jobs development, and  
22     climate resilience. The committee's responsibilities include but are  
23     not limited to:

24           (a) Reviewing the report by the department of commerce under  
25     section 105 of this act;

26           (b) Reviewing the plans for implementing the funding programs  
27     authorized in sections 401, 501, 601, and 701 of this act;

28           (c) Reviewing the criteria for funding allocations and project  
29     award decisions;

30           (d) Reviewing project and activity funding decisions as well as  
31     summary reports and information regarding implementing projects;

32           (e) Reviewing compliance of consultation requirements and  
33     providing recommendations for how implementation can come into  
34     compliance; and

35           (f) Providing recommendations for standards by which to measure  
36     emissions reductions outcomes from investments of funds under  
37     sections 205 and 304 of this act.

38          (4) The committee may contract for independent evaluative  
39     expertise in its review of the performance of the carbon pollution  
40     tax and funding programs in meeting this act's objectives regarding

1 greenhouse gas emissions reductions, transition assistance, job  
2 creation, rural economic development, and climate resilience.

3 (5) Beginning July 1, 2019, the committee must meet at least  
4 quarterly.

5 (6) The committee has no appropriation authority.

6 NEW SECTION. **Sec. 802.** GOVERNMENT-TO-GOVERNMENT CONSULTATION.  
7 To ensure mutual respect for the rights, interests, and obligations  
8 of each sovereign Indian tribe, the governor must develop a framework  
9 for government-to-government consultation with Indian tribes  
10 consistent with the centennial accord, chapter 43.376 RCW, and  
11 applicable tribal policies. The consultation must ensure meaningful  
12 tribal involvement in the implementation of this act, including rule  
13 making, programmatic, and project level decisions. Within this  
14 framework, the governor at least once each year must invite all  
15 federally recognized Indian tribes with reserved rights within the  
16 geographical boundaries of the state to meet in government-to-  
17 government consultation. The governor must also invite the joint  
18 committee on climate programs oversight to the meeting. The purpose  
19 of the meeting is to share information, views, tribal knowledge and  
20 science, and recommendations regarding the progress of implementing  
21 the carbon pollution tax and providing funding from revenues of the  
22 tax to reduce emissions, to strengthen climate resilience in  
23 communities throughout the state, to strengthen climate resilience in  
24 the water and natural resources shared by all citizens in the state,  
25 and to ensure a just transition to a clean energy economy.

26 NEW SECTION. **Sec. 803.** INDIAN TRIBE CONSULTATION. (1) In order  
27 to achieve the goals set forth in this act, any state agency  
28 receiving carbon tax revenue must consult with Indian tribes on all  
29 decisions that may affect Indian tribes' rights and interests in  
30 their tribal lands. Such consultation must occur pursuant to chapter  
31 43.376 RCW and must be independent of any public participation  
32 process required by state law, or by a state agency, and regardless  
33 of whether the agency receives a request for consultation from an  
34 Indian tribe. A consultation framework must be developed in  
35 coordination with tribal governments that includes best practices,  
36 protocols for communication, and collaboration with Indian tribes.

37 (2) No project that impacts tribal lands may be funded prior to  
38 meaningful consultation with affected Indian tribes. For projects

1 that directly impact tribal lands, the goal of the consultation  
2 process is to obtain free, prior and informed consent for the  
3 project, and at the end of such consultation, the Indian tribe's  
4 government will provide the community climate advisory board created  
5 in section 804 of this act with a written resolution providing  
6 consent or withholding consent. If any project that impacts tribal  
7 lands is funded under this act without consultation with Indian  
8 tribes, an affected Indian tribe may request that all further action  
9 on the project cease until consultation with any directly impacted  
10 Indian tribe is completed.

11 NEW SECTION. **Sec. 804.** COMMUNITY CLIMATE ADVISORY BOARD. (1)  
12 The community climate advisory board is established within the  
13 executive office of the governor. The purpose of the board is to  
14 oversee implementation of this act toward reducing pollution and  
15 facilitating the transition to a clean energy economy equitably,  
16 sustainably, and efficiently.

17 (2)(a) The board must have twenty-one voting members. Voting  
18 members of the board must be appointed by the governor. The board  
19 must include, at a minimum, representatives from tribal, local  
20 government, business, environmental, labor, land conservation, and  
21 public health organizations. At least one-third of the appointees  
22 must be members of the panel established in section 805 of this act.  
23 The board may also appoint representatives from public agencies as  
24 nonvoting board members.

25 (b) The governor must appoint members of the board by January 1,  
26 2019. Any member appointed by the governor may be removed by the  
27 governor for cause. The governor must appoint board members to  
28 achieve a board membership with balanced representation by geography,  
29 gender, and ethnicity.

30 (3) The board has the following powers and duties:

31 (a) Providing advice and recommendations to the governor, the  
32 legislature, the oversight committee created in section 801 of this  
33 act, and state agencies regarding the implementation of this act,  
34 including evaluating biannually the tax imposed pursuant to section  
35 102 of this act;

36 (b) Monitoring the implementation of this act to ensure it  
37 furthers the intent and purposes of this act and does not lead to  
38 inequitable environmental or economic impacts, including but not

1 limited to leakage of emissions related to energy-intensive trade-  
2 exposed manufacturing facilities; and

3 (c) Reporting periodically to the legislature, the governor, and  
4 the oversight committee created in section 801 of this act on such  
5 matters.

6 (4) Members of the board who are not state employees are entitled  
7 to reimbursement for expenses related to the work of the board as a  
8 class one group under RCW 43.03.220.

9 NEW SECTION. **Sec. 805.** ECONOMIC AND ENVIRONMENTAL JUSTICE  
10 OVERSIGHT PANEL. (1) An economic and environmental justice oversight  
11 panel is established as a subcommittee of the advisory board created  
12 in section 804 of this act. The board will appoint the panel members  
13 consistent with this section, and the panel will coordinate its work  
14 with the governor's office, the department of commerce, the  
15 department of health, and other state departments or divisions as the  
16 governor may determine. The membership of the panel must consist of  
17 at least nine persons, based on the nomination of statewide  
18 organizations that represent the following interests:

19 (a) Five or more members, representing vulnerable populations and  
20 residing in highly impacted communities, as identified in section 502  
21 of this act;

22 (b) Two members representing union labor with expertise in  
23 economic dislocation, clean energy economy, or energy-intensive  
24 trade-exposed facilities; and

25 (c) Two members representing tribal governments.

26 (2) The purpose of the panel is to:

27 (a) Provide a forum for analysis of whether the policies adopted  
28 in this act lead to improvements within highly impacted communities.  
29 This subcommittee must also advise the board created in section 804  
30 of this act in the performance of its responsibilities;

31 (b) Make recommendations on the cumulative impact analysis and  
32 highly impacted communities designation required by section 502 of  
33 this act;

34 (c) Make recommendations on the investment allocations authorized  
35 by parts II through VII of this act, including its evaluation of the  
36 projected performance of the investments to meet the criteria and  
37 objectives developed in specific implementation plans;

38 (d) Evaluate the level of funding provided to assist low-income  
39 individuals and displaced workers under part V of this act and the

1 funding of projects and activities located within or benefiting  
2 highly impacted communities designated under section 502 of this act;  
3 and

4 (e) Provide recommendations to implementation agencies for  
5 meaningful consultation with vulnerable populations.

6 (3) The panel must conduct an evaluation of the economic impacts  
7 of the emissions tax imposed under section 102 of this act on low and  
8 middle-income households and vulnerable populations, including  
9 communities of color and indigenous communities. The panel's  
10 evaluation must include a summary of projected household economic  
11 impacts of the emissions tax in the first decade of its  
12 implementation, the projected impacts of investments in parts II  
13 through VII of this act, including assistance directed to low-income  
14 populations in part V of this act, and provide recommendations to  
15 reduce any disproportionate impact upon low and middle-income  
16 households, either through revisions in the tax or through measures  
17 that mitigate for that impact. The evaluation must also include an  
18 assessment of expenditures for light rail versus other mass transit  
19 options by individuals living in disadvantaged communities. The  
20 report must include recommendations to reduce the regressivity of the  
21 carbon pollution tax through transit-related options such as  
22 providing free or reduced-price transit passes or ridership. The  
23 panel's report must be provided to the legislature, in compliance  
24 with RCW 43.01.036, not later than December 31, 2020. The panel may  
25 collaborate with the caseload forecast council to include its  
26 evaluation and recommendations in a general disproportionality report  
27 provided by the council to the legislature pursuant to section 2,  
28 chapter . . . , Laws of 2018 (Engrossed Substitute Senate Bill No.  
29 5588).

30  
31

**Part IX**  
**Preemption**

32 NEW SECTION. **Sec. 901.** (1) No state agency may adopt or enforce  
33 a statewide program that sets a greenhouse gas emissions cap or  
34 charge except as provided in this chapter.

35 (2) As of the effective date of this section, chapter 173-442 WAC  
36 (the clean air rule) and associated amendments to chapter 173-441 WAC  
37 previously adopted by the department of ecology may not be enforced  
38 by the department of ecology. Nothing in this subsection



1 acknowledges, establishes, or creates legal authority for the  
2 department of ecology or any other state agency to enact, adopt,  
3 order, or in any way implement a rule or policy establishing a  
4 statewide limit, cap, or standard to control the amount of greenhouse  
5 gas emissions occurring during a period of time.

6 (3) For the purposes of this section, "cap" means a statewide  
7 aggregate emission limit that applies to one or more economic sectors  
8 and that requires the designated entities responsible for emissions  
9 within those sectors to keep their cumulative emissions at or below  
10 the level of the aggregate limit.

11 NEW SECTION. **Sec. 902.** (1) The carbon pollution tax levied in  
12 section 102 of this act is in lieu of any carbon tax upon the sale or  
13 use within this state of all fossil fuels, including fossil fuels  
14 used in generating electricity and the retail sale or consumption  
15 within this state of electricity generated through the combustion of  
16 fossil fuels. No city, town, county, township, or other subdivision  
17 or municipal corporation of the state may levy or collect any  
18 comparable carbon tax or charge upon the sale or use within this  
19 state of all fossil fuels, including fossil fuels used in generating  
20 electricity and the retail sale or consumption within this state of  
21 electricity generated through the combustion of fossil fuels.

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

30 **Part X**

31 **Incremental Electricity**

32 **Sec. 1001.** RCW 19.285.030 and 2017 c 315 s 1 are each amended to  
33 read as follows:

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

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

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

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

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

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

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

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

23 (7) "Cost-effective" has the same meaning as defined in RCW  
24 80.52.030.

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

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

29 (10) "Department" means the department of commerce or its  
30 successor.

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

35 (12) "Eligible renewable resource" means:

36 (a) Electricity from a generation facility powered by a renewable  
37 resource other than freshwater that commences operation after March  
38 31, 1999, where: (i) The facility is located in the Pacific  
39 Northwest; or (ii) the electricity from the facility is delivered

1 into Washington state on a real-time basis without shaping, storage,  
2 or integration services;

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

8 (c) Hydroelectric generation from a project completed after March  
9 31, 1999, where the generation facility is located in irrigation  
10 pipes, irrigation canals, water pipes whose primary purpose is for  
11 conveyance of water for municipal use, and wastewater pipes located  
12 in Washington where the generation does not result in new water  
13 diversions or impoundments;

14 (d) Qualified biomass energy;

15 (e) For a qualifying utility that serves customers in other  
16 states, electricity from a generation facility powered by a renewable  
17 resource other than freshwater that commences operation after March  
18 31, 1999, where: (i) The facility is located within a state in which  
19 the qualifying utility serves retail electrical customers; and (ii)  
20 the qualifying utility owns the facility in whole or in part or has a  
21 long-term contract with the facility of at least twelve months or  
22 more; ((~~e~~))

23 (f)(i) Incremental electricity produced as a result of a capital  
24 investment completed after January 1, 2010, that increases, relative  
25 to a baseline level of generation prior to the capital investment,  
26 the amount of electricity generated in a facility that generates  
27 qualified biomass energy as defined under subsection (18)(c)(ii) of  
28 this section and that commenced operation before March 31, 1999\_

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

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

37 (g) That portion of incremental electricity produced as a result  
38 of efficiency improvements completed after March 31, 1999,  
39 attributable to a qualifying utility's share of the electricity  
40 output from hydroelectric generation projects whose energy output is

1 marketed by the Bonneville power administration where the additional  
2 generation does not result in new water diversions or impoundments;  
3 or

4 (h) The environmental attributes, including renewable energy  
5 credits, from (g) of this subsection transferred to investor-owned  
6 utilities pursuant to the Bonneville power administration's  
7 residential exchange program.

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

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

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

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

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

34 (17) "Public facility" has the same meaning as defined in RCW  
35 39.35C.010.

36 (18) "Qualified biomass energy" means electricity produced from a  
37 biomass energy facility that: (a) Commenced operation before March  
38 31, 1999; (b) contributes to the qualifying utility's load; and (c)  
39 is owned either by: (i) A qualifying utility; or (ii) an industrial  
40 facility that is directly interconnected with electricity facilities

1 that are owned by a qualifying utility and capable of carrying  
2 electricity at transmission voltage.

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

9 (20) "Renewable energy credit" means a tradable certificate of  
10 proof, except as provided in RCW 19.285.040(2)(m), of at least one  
11 megawatt-hour of an eligible renewable resource where, except as  
12 provided in subsection (12)(h) of this section, the generation  
13 facility is not powered by freshwater. The certificate includes all  
14 of the nonpower attributes associated with that one megawatt-hour of  
15 electricity, and the certificate is verified by a renewable energy  
16 credit tracking system selected by the department.

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

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

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

28 **Sec. 1002.** RCW 19.285.040 and 2017 c 315 s 2 are each amended to  
29 read as follows:

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

32 (a) By January 1, 2010, using methodologies consistent with those  
33 used by the Pacific Northwest electric power and conservation  
34 planning council in the most recently published regional power plan  
35 as it existed on June 12, 2014, or a subsequent date as may be  
36 provided by the department or the commission by rule, each qualifying  
37 utility (~~shall~~) must identify its achievable cost-effective  
38 conservation potential through 2019. Nothing in the rule adopted  
39 under this subsection precludes a qualifying utility from using its

1 utility specific conservation measures, values, and assumptions in  
2 identifying its achievable cost-effective conservation potential. At  
3 least every two years thereafter, the qualifying utility (~~shall~~)  
4 must review and update this assessment for the subsequent ten-year  
5 period.

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

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

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

33 (iii) Beginning January 1, 2012, and until December 31, 2017, a  
34 qualifying utility with an industrial facility located in a county  
35 with a population between ninety-five thousand and one hundred  
36 fifteen thousand that is directly interconnected with electricity  
37 facilities that are capable of carrying electricity at transmission  
38 voltage(~~(τ)~~) may use cost-effective conservation from that industrial  
39 facility in excess of its biennial acquisition target to help meet  
40 the immediately subsequent two biennial acquisition targets, such

1 that no more than twenty-five percent of any biennial target may be  
2 met with excess conservation savings allowed under all of the  
3 provisions of this section combined.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

33 (l) Beginning January 1, 2019, a qualifying utility may use  
34 eligible renewable resources as identified under RCW 19.285.030(12)  
35 (g) and (h) to meet its compliance obligation under this subsection  
36 (2). A qualifying utility may not transfer or sell these eligible  
37 renewable resources to another utility for compliance purposes under  
38 this chapter.



1 (ii) A statewide initiative measure by the people that creates a  
2 charge, tax, or cap upon the emission of greenhouse gases that is  
3 imposed broadly upon those persons subject to the state carbon  
4 pollution tax imposed under section 102 of this act.

5 (b) For the purposes of this section, "cap" means a statewide  
6 aggregate emission limit that applies to one or more economic sectors  
7 and that requires the designated entities responsible for emissions  
8 within those sectors to keep their cumulative emissions at or below  
9 the level of the aggregate limit.

10 (2) The department must provide written notice of the expiration  
11 date of this act to affected parties, the chief clerk of the house of  
12 representatives, the secretary of the senate, the office of the code  
13 reviser, and others as deemed appropriate by the department.

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