S-4813.1

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SECOND SUBSTITUTE SENATE BILL 6092**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 68th Legislature 2024 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Shewmake and Nguyen)

AN ACT Relating to disclosure of greenhouse gas emissions; adding a new section to chapter 70A.45 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  (1) The legislature finds that Washingtonians are embracing a clean energy future and reducing the state's greenhouse gas emissions over time. They desire accurate information about the emissions associated with the products they purchase and the power that they consume. The largest businesses in the state are already assessing their carbon footprint in response to consumer demands and in order to comply with policies such as the Washington climate commitment act, chapter 70A.65 RCW. Consumers want to know about the complete emissions footprint of a business, not only the direct emissions from operations they own or control, but also those emissions associated with their supply chains and the extraction and processing of raw materials.

(2) The legislature also finds that to avoid confusing and duplicative reporting, the largest businesses should employ consistent protocols to inventory their emissions. Therefore, the legislature intends that these emissions inventories should be performed regularly, made easily accessible for review by the public, and independently audited to ensure their accuracy and completeness. The inventory should also rely to the extent practicable upon existing emissions reporting requirements associated with other state or federal emissions reduction policies. It should minimize additional regulatory requirements and rely upon independent auditing as well as the public's review to ensure the inventory information is complete, accurate, and useful.

NEW SECTION. **Sec.**  A new section is added to chapter 70A.45 RCW to read as follows:

(1) The department is directed to develop policy recommendations to address climate-related disclosure requirements in Washington. In developing policy recommendations, the department is directed to:

(a) Research and follow developments in the climate-related disclosure requirements administered by the United States securities and exchange commission including, but not limited to, those contemplated under 87 Fed. Reg. 21,334 (April 11, 2022); and

(b) By July 1, 2025, deliver a report to the legislature that contains findings and recommendations for the design and implementation of climate-related disclosure requirements in Washington.

(2) The report with findings and recommendations identified in subsection (1)(b) of this section must include:

(a) Recommendations on how Washington law governing climate-related disclosures can align, to the extent practicable, with the climate-related disclosure requirements administered by the United States securities and exchange commission and described in 87 Fed. Reg. 21,334 (April 11, 2022);

(b) Recommendations concerning how disclosures are filed, accepted, and made available to the public, including the possibility for acceptance of disclosures filed under other federal or state programs, to satisfy any proposed climate-related disclosure requirements under Washington law; and

(c) Determinations on whether the climate-related disclosure requirements administered by the United States securities and exchange commission and described in 87 Fed. Reg. 21,334 (April 11, 2022) are sufficient to track emissions for the purposes of compliance with chapters 70A.65 and 70A.535 RCW and RCW 70A.45.020. Special consideration must be given to:

(i) Determining whether disclosure requirements for scope 1 and scope 2 emissions are adequately designed to track a reporting entity's greenhouse gas emissions and feasible for reporting entities to comply with;

(ii) Determining whether disclosure requirements for scope 3 emissions are adequately designed to track a reporting entity's greenhouse gas emissions and feasible for reporting entities to comply with; and

(iii) Determining which persons or entities should be obligated to file climate-related disclosures under Washington law.

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

(a) "Climate-related disclosure" means a voluntary or mandatory report disclosing information concerning a reporting entity's operations for the purpose of evaluating its greenhouse gas emissions, overall environmental impact, investment, and activities related to mitigating environmental impact, and any relevant financial activity.

(b) "Reporting entity" includes a partnership, corporation, limited liability company, or other business entity required to report greenhouse gas emissions under Washington law.

(c) "Scope 1 emissions" means all direct greenhouse gas emissions that stem from sources that a reporting entity owns or directly controls, regardless of location including, but not limited to, fuel combustion activities.

(d) "Scope 2 emissions" means indirect greenhouse gas emissions from electricity purchased and used by a reporting entity, regardless of location.

(e)(i) "Scope 3 emissions" means indirect greenhouse gas emissions, other than scope 2 emissions, from activities of a reporting entity that stem from sources that the reporting entity does not own or directly control and may include, but are not limited to, emissions associated with the reporting entity's supply chain, business travel, employee commutes, procurement, waste, and water usage, regardless of location.

(ii) For the oil, gas, coal, and natural gas industries, scope 3 emissions include emissions from the use of products sold by that reporting entity.

**--- END ---**