S-3508.2

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**SENATE BILL 6092**

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

**By** Senators Shewmake and Nguyen

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

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

(1) "Department" means the department of ecology.

(2) "Greenhouse gas" has the same meaning as defined in RCW 70A.45.010.

(3) "Reporting entity" includes a partnership, corporation, limited liability company, or other business entity formed under the laws of this state, the laws of any other state or territory in the United States or the District of Columbia, with total annual revenues exceeding $1,000,000,000 and that does business in Washington.

(4) "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.

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

(6) "Scope 3 emissions" means indirect greenhouse gas emissions, other than scope 2 emissions, from activities of 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. For the oil, gas, coal, and natural gas industries, scope 3 emissions include emissions from the use of products sold by that reporting entity.

NEW SECTION. **Sec.**  (1) Beginning October 1, 2026, and by each October 1st thereafter, a reporting entity must report to the department the entity's scope 1 emissions and scope 2 emissions for the prior calendar year. Beginning October 1, 2027, and by each October 1st thereafter, a reporting entity must report to the department the entity's scope 3 emissions for the prior calendar year. The report must be consistent with the guidelines required under this section. The report must include the name of the reporting entity and any trade names, assumed names, and logos used by the reporting entity. The report may be consolidated at the parent company level. If a subsidiary of a parent company qualifies as a reporting entity under section 2 of this act, the subsidiary is not required to prepare a separate report. The report must be accompanied by a third-party audit as required in subsection (6) of this section.

(2) By January 1, 2025, the department must adopt by rule guidelines for use by reporting entities in making the reports required under subsection (1) of this section.

(a) To the extent practicable, the guidelines should incorporate the greenhouse gas protocol corporate accounting and reporting standard and greenhouse gas protocol corporate value chain (scope 3) accounting and reporting standard developed by the world resources institute and the world business council for sustainable development. The guidelines should also incorporate from this protocol the guidance for scope 3 emissions calculations that detail acceptable use of both primary and secondary data sources, including the use of industry average data, proxy data, and other generic data in its scope 3 emissions calculations.

(b) Wherever possible, the guidelines should align reporting timelines and information with other emissions reports and analysis required by other state and federal emissions reduction laws and policies.

(c) The department may revise the guidelines from time to time to be consistent with emissions reporting protocols that reporting entities follow in other jurisdictions in which they do business, including adopted rules of the United States securities and exchange commission and nongovernmental organizations such as CDP global.

(3) In developing the guidelines, the department must consult with and consider the input from stakeholders that are reporting entities, stakeholders reporting consumer and environmental justice interests, and other stakeholders, including experts in climate science and corporate greenhouse gas emissions accounting. The department must also consult with reporting entities that have demonstrated leadership in full-scope greenhouse gas emissions, public disclosure, and emissions reductions.

(4) The department must investigate the availability of data and generally accepted protocols for estimating the carbon intensity of reporting entity operations, including carbon intensity estimates for compliance under the Washington climate commitment act, chapter 70A.65 RCW, and the clean fuels program, chapter 70A.535 RCW. If the department determines there is sufficient data and accepted protocols for estimating carbon intensity, the department must amend the guidelines to require carbon intensity information to be included in the reports required under subsection (1) of this section. This information may not be required to be reported prior to October 1, 2028.

(5) The department must develop a web-based platform for making the reports easily accessible by the public. The department may contract for the development and maintenance of this platform, including incorporation into an existing nationally recognized inventory or registry, provided the information is easily usable by Washington citizens and the contractual cost does not exceed that incurred were the department to continue maintaining the platform.

(6) The department shall accept each report that is provided in the format required by the guidelines. The department may not review the accuracy or completeness of the report, but each report must be accompanied by an analysis from an independent, third-party auditor who has found the report to be complete and accurate. The department's guidelines may include a list of qualifications that auditors must meet, but the department may not require approval of an auditor used by a reporting entity.

(7) The department may accept a reporting entity's filed disclosure under California health and safety code, section 38352, in lieu of the report required under subsection (6) of this section.

(8) Where a reporting entity fails to timely provide a report required under this section, provides an incomplete report, or provides a report containing inaccurate information as determined by the independent auditor, the department shall post a notice of such a failure or determination by the auditor on the platform.

(9) The department may contract with a nonprofit organization that has expertise in emissions reporting for the performance of any duties necessary to carry out the purpose of this section.

(10) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity does not affect other provisions or applications that can be given effect without the invalid provision or application.

NEW SECTION. **Sec.**  This act may be known and cited as the Washington climate corporate data accountability act.

NEW SECTION. **Sec.**  Sections 1 through 4 of this act constitute a new chapter in Title 70A RCW.

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