SENATE BILL REPORT
SB 5305

As of January 23, 2025

Title: An act relating to the new environmental accelerator for salmon recovery and ecological resiliency projects.

Brief Description: Concerning the new environmental accelerator for salmon recovery and ecological resiliency projects.

Sponsors: Senators Muzzall, Chapman, Dozier, Nobles and Wilson, J..

Brief History:
Committee Activity: Agriculture & Natural Resources: 1/23/25.

Brief Summary of Bill

- Creates the Environmental Accelerator (Accelerator) within the Office of Regulatory Innovation and Assistance (ORIA) to provide regulatory relief for certain salmon recovery and ecological resiliency projects.
- Requires ORIA to annually report to the Legislature on the activities of the Accelerator with recommendations for amending state law or rules to provide permanent regulatory relief.
- Directs the Joint Legislative Audit and Review Committee to evaluate the implementation of the Accelerator and report to the Legislature by December 1, 2029.

SENATE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Staff: Jeff Olsen (786-7428)

Background: Salmon Recovery. Several species of salmon, as well as Puget Sound steelhead trout, are listed as either threatened or endangered under the federal Endangered Species Act. The Washington Department of Fish and Wildlife (WDFW) is responsible for

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managing the state's fish and wildlife resources. Several other state agencies, including the Departments of Ecology (Ecology) and Natural Resources, the State Conservation Commission, and the Recreation and Conservation Office, either have regulatory authority with respect to various aspects of natural resource and land management related to salmon recovery, administering grant funding for salmon recovery projects, or both.

Climate Commitment Act. Under the Climate Commitment Act (CCA) enacted in 2021, Ecology must implement a cap on greenhouse gas emissions from covered entities and a program to track, verify, and enforce compliance through the use of compliance instruments (Program). The Program must consist of, among other things, annual allowance budgets that limit emissions from covered entities, and the creation of a Climate Investment Account for the deposit of receipts from the distribution of emission allowances.

Auctions of Allowances and Climate Commitment Act Accounts. Except for directly distributed, no-cost allowances allocated to certain entities, allowances under the Program must be distributed through auctions. Ecology must hold a maximum of four auctions each year, plus any necessary reserve auctions. An auction may include allowances from the annual allowance budget of the current year and allowances from the annual allowances budgets of prior years that remain to be distributed.

Upon completion and verification of auction results, the auction proceeds must be transferred to the state treasurer for deposit each fiscal year into accounts created in the CCA, including:

- the Carbon Emissions Reduction Account, used for specified types of transportation uses. Deposits into this account must not exceed $5.2 billion over the first 16 years of the Program;
- the Climate Investment Account, which distributes money into the Climate Commitment Account and the Natural Climate Solutions Account;
- the Natural Climate Solutions Account, used for certain types of climate resiliency expenditures including clean water investments, certain fish habitat restoration and protection, and carbon sequestration storage benefits;
- the Climate Commitment Account, used for certain types of emission reduction and other uses, including fertilizer and soil management; and
- the Air Quality and Health Disparities Account, used for certain types of environmental justice and air quality monitoring expenditures.

The Office of Regulatory Innovation and Assistance. The Washington State Office of Regulatory Assistance (ORA) was created in the Office of Financial Management in 2003. ORA helps answer permitting questions, provides access to information about state regulations, and assists with coordinating between the layers of state, local, and federal permit review. ORA provides a variety of services, including acting as the central point of contact and coordination, conducting project scoping, and assisting in conflict resolution. ORA assists local jurisdictions with their local project review requirements. In 2013, ORA was renamed to the Office of Regulatory Innovation and Assistance (ORIA).

Summary of Bill: Environmental Accelerator. An environmental accelerator (Accelerator) is established within ORIA with legislative intent expressed that the Accelerator be funded by CCA auction revenue. The Director of ORIA must appoint an administrator and assign staff to run the Accelerator.

The goal of the Accelerator is to provide regulatory flexibility for salmon recovery and ecological resiliency projects and programs funded with CCA auction revenue. Entities enrolled in the Accelerator have the right to request regulatory relief on a form prescribed by the administrator and have the request considered and responded to within 60 days. Any entity receiving funding for the primary purpose of salmon recovery and ecological resiliency from any of the following accounts is automatically enrolled in the Accelerator:

- the Climate Investment Account;
- the Climate Commitment Account;
- the Natural Climate Solutions Account; or
- the Air Quality and Health Disparities Improvement Account.

The administrator must assist every entity in the Accelerator to:

- identify regulatory barriers to successfully and efficiently implement the project or program for which the entity received funding;
- work with the relevant regulatory agency or agencies to identify what regulatory relief, if any, may be granted to the entity; and
- provide notice to all entities in the Accelerator when regulatory relief is granted to an entity.

Regulatory relief may be in the form of a waiver of state law for a trial period for up to five years, and may be extended until the conclusion of the CCA's compliance obligations for covered entities. The administrator or the relevant regulatory agency or agencies may rescind regulatory relief if the relief is no longer in the public interest or the program, project, or grant is terminated. In these cases, the relevant agency must provide a detailed explanation of the reason for the recission to the entity.

Reporting. *The Office of Regulatory Innovation and Assistance.* ORIA must provide an annual report to the Legislature by January 1, that includes descriptions of the entities requesting relief, summary of regulatory relief requested and granted, and recommendations for amending state law or rules to provide permanent regulatory relief.

Joint Legislative Audit and Review Committee. The Joint Legislative Audit and Review Committee (JLARC) must evaluate the implementation of the Accelerator and report to the Legislature by December 1, 2029. JLARC must provide recommendations in the report on whether to continue the Accelerator and any changes that may be needed to improve the Accelerator, including a comparison of entities that received regulatory relief to similar entities that either did not request or did not receive relief.

Appropriation: None.

Fiscal Note: Requested on January 17, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Projects are often held up and delayed due to permitting issues, and the bill is needed to help accomplish long-term goals. We need to do more to recover our salmon populations and help endangered orcas. The bill would help identify barriers to finishing projects so we don't waste or delay resources. By working with ORIA on barriers, and compiling a list of issues that need addressing, progress can be made on permit efficiency. This approach has been used for energy projects, and this would be the first time it is applied to salmon recovery projects. Project schedules can be difficult to align with permitting requirements.

CON: The best way to support salmon recovery is to fund the projects that have already been vetted. This is a duplication of efforts that are already underway. It is not clear who grants relief, the regulatory agency or ORIA?

OTHER: Historic restoration versus natural restoration, you need to choose which standard to use.

Persons Testifying: PRO: Senator Ron Muzzall, Prime Sponsor; Todd Myers, Washington Policy Center; Kelsey Hulse, Washington State Association of Counties.

CON: Mindy Roberts, Washington Conservation Action.

OTHER: John Worthington.

Persons Signed In To Testify But Not Testifying: No one.