
SECOND SUBSTITUTE HOUSE BILL 2251

State of Washington

69th Legislature

2026 Regular Session

By House Transportation (originally sponsored by Representatives Fitzgibbon, Gregerson, Parshley, and Thomas)

1 AN ACT Relating to climate commitment act accounts; amending RCW
2 70A.65.100, 70A.65.230, 70A.65.280, 70A.65.300, 70A.65.040,
3 70A.65.060, 70A.65.200, 70A.65.305, 76.04.196, and 76.13.120;
4 reenacting and amending RCW 43.21B.300 and 70A.65.030; adding new
5 sections to chapter 70A.65 RCW; creating a new section; repealing RCW
6 70A.65.250, 70A.65.260, and 70A.65.270; and providing an effective
7 date.

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

9 NEW SECTION. **Sec. 1.** A new section is added to chapter 70A.65
10 RCW to read as follows:

11 (1) The climate commitment act operating account is created in
12 the state treasury. Receipts from the auction of allowances
13 authorized in this chapter must be deposited into the account as
14 provided in RCW 70A.65.100. Moneys in the account may be spent only
15 after appropriation. The legislature intends expenditures from the
16 account to supplement, not supplant, existing expenditures for
17 similar purposes. Expenditures from the account may be used only for
18 the following purposes:

19 (a) The department's costs to administer the program under this
20 chapter, in an amount not to exceed \$25,000,000 per fiscal year

1 adjusted by the fiscal growth factor as defined in RCW 43.135.025, as
2 described in RCW 70A.65.100(7) (a);

3 (b) Programs, activities, and projects in the operating budget
4 that reduce greenhouse gas emissions, increase resilience to the
5 impacts of climate change, result in long-term environmental
6 benefits, or otherwise achieve the purposes of this chapter;

7 (c) Tribal capacity grants for tribal consultation under RCW
8 70A.65.305 or tribal projects and activities related to climate
9 resilience and adaptation, clean energy, state or federal grant
10 funding applications, or other related work;

11 (d) The working families' tax credit in RCW 82.08.0206;

12 (e) The same authorized uses as the growth management planning
13 and environmental review fund established in RCW 36.70A.490;

14 (f) Reduction and mitigation of impacts from greenhouse gases and
15 copollutants in overburdened communities, including strengthening the
16 air quality monitoring network required in RCW 70A.65.020;

17 (g) Projects or activities to promote electrification or reduce
18 the greenhouse gas emissions associated with electricity production,
19 distribution, or consumption, including (i) renewable energy
20 resources, such as solar and wind power, (ii) distributed generation,
21 (iii) energy storage, (iv) demand-side technologies and strategies,
22 and (v) grid modernization projects;

23 (h) Increased energy efficiency or reduced greenhouse gas
24 emissions for industrial facilities including, but not limited to,
25 combined heat and power, district energy, on-site renewables such as
26 solar and wind power, and less emissions-intensive fuel sources;

27 (i) Increased energy efficiency or reduced greenhouse gas
28 emissions for the agricultural sector including, but not limited to,
29 fertilizer management, soil management, bioenergy, biofuels, grants
30 and other financial incentives for agricultural equipment or food
31 processing, renewable energy projects, farmworker housing
32 weatherization programs, dairy digester research and development,
33 alternative manure management, and the sustainable farms and fields
34 grant program under RCW 89.08.615;

35 (j) Increased energy efficiency or reduced greenhouse gas
36 emissions in new and existing residential, commercial, and industrial
37 buildings, including low carbon architecture, alternative building
38 materials that result in a lower carbon footprint over the life cycle
39 of the building and component building materials, electric
40 appliances, and equipment for space and water heating;

1 (k) The expansion of clean manufacturing capacity in communities
2 across Washington, including related community investments such as
3 transportation, municipal service delivery, and technology
4 investments, with an emphasis on communities in greatest need of job
5 creation and economic development and potential for commute
6 reduction;

7 (l) Improved energy affordability and reduced energy burden for
8 people with lower incomes, including bill assistance, energy
9 efficiency and weatherization programs, and community renewable
10 energy projects that allow qualifying participants to own or receive
11 the benefits of those projects at reduced or no cost;

12 (m) Assistance for affected fossil fuel workers during the
13 transition to a clean energy economy, including (i) full wage
14 replacement, health benefits, and pension contributions for every
15 worker within five years of retirement; (ii) full wage replacement,
16 health benefits, and pension contributions for every worker with at
17 least one year of service for each year of service up to five years
18 of service; (iii) wage insurance for up to five years for workers
19 reemployed who have more than five years of service; (iv) up to two
20 years of retraining costs, including tuition and related costs, based
21 on in-state community and technical college costs; (v) peer
22 counseling services during transition; (vi) employment placement
23 services, prioritizing employment in the clean energy sector; (vii)
24 relocation expenses; and (viii) workforce development, including
25 forest health workforce initiatives under RCW 76.04.521 and education
26 or jobs related to the clean energy economy;

27 (n) Reduced emissions from landfills and waste-to-energy
28 facilities through diversion of organic materials, methane capture or
29 conversion strategies, installation of gas collection devices and gas
30 control systems, monitoring and reporting of methane emissions, or
31 other means, prioritizing funding needed for any activities by local
32 governments to comply with chapter 70A.540 RCW;

33 (o) Carbon dioxide removal;

34 (p) Activities to support efforts to mitigate and adapt to the
35 effects of climate change affecting Indian tribes;

36 (q) Environmental justice activities, including implementation of
37 chapter 70A.02 RCW;

38 (r) Electric vehicles and related costs, such as equipment and
39 infrastructure, and alternative fuel;

1 (s) Clean water investments that improve resilience from climate
2 impacts. Funding under this subsection (1)(s) must be used to:

3 (i) Restore and protect estuaries, fisheries, and marine
4 shoreline habitats and prepare for sea level rise;

5 (ii) Increase carbon storage in the ocean or aquatic and coastal
6 ecosystems;

7 (iii) Increase the ability to remediate and adapt to the impacts
8 of ocean acidification;

9 (iv) Reduce flood risk and restore natural floodplain ecological
10 function;

11 (v) Increase the sustainable supply of water and improve aquatic
12 habitat, including groundwater mapping and modeling;

13 (vi) Improve infrastructure treating stormwater from previously
14 developed areas within an urban growth boundary designated under
15 chapter 36.70A RCW, with a preference given to projects that use
16 green stormwater infrastructure;

17 (vii) Either retain or increase, or both, greenhouse gas
18 sequestration and storage benefits from forests, forested wetlands,
19 agricultural soils, tidally influenced agricultural or grazing lands,
20 or freshwater, saltwater, or brackish aquatic lands; or

21 (viii) Either preserve or establish, or both, greenhouse gas
22 sequestration by protecting or planting trees in marine shorelines
23 and freshwater riparian areas sufficient to promote climate
24 resilience, protect cold water fisheries, and achieve water quality
25 standards; and

26 (t) Healthy forest investments to improve resilience from climate
27 impacts, including but not limited to: (i) Increased forest and
28 community resilience to wildfire; and (ii) improved forest health,
29 including reduced vulnerability to changes in hydrology, insect
30 infestation, and other impacts of climate change.

31 (2) The legislature intends that at least 25 percent of the total
32 appropriations each biennium from this account and the climate
33 commitment act capital account created in section 2 of this act are
34 made for the purposes of the clean water and healthy forest
35 investments in subsection (1)(s) and (t) of this section or section
36 2(1) (m) and (n) of this act.

37 (3) Moneys in the account may not be used for projects or
38 activities that would violate tribal treaty rights or result in
39 significant long-term damage to critical habitat or ecological
40 functions.

1 (4) Projects or activities funded from the account must meet high
2 labor standards, including: (a) Employer-paid sick leave programs and
3 other health care benefits; (b) employer-contributed retirement
4 plans; (c) pay practices in relation to living wage indicators, such
5 as the federal poverty level; (d) efforts to evaluate pay equity
6 based on gender identity, race, and other protected status under
7 Washington law; (e) career development opportunities, such as
8 apprenticeship programs, internships, job-shadowing, and on-the-job
9 training; and (f) employment assistance and employment barriers for
10 justice-affected individuals.

11 (5) Projects or activities funded from the account must maximize
12 access to economic benefits from such projects for local workers and
13 diverse businesses.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 70A.65
15 RCW to read as follows:

16 (1) The climate commitment act capital account is created in the
17 state treasury. Receipts from the auction of allowances authorized in
18 this chapter must be deposited into the account as provided in RCW
19 70A.65.100. Moneys in the account may be spent only after
20 appropriation. The legislature intends expenditures from the account
21 to supplement, not supplant, existing expenditures for similar
22 purposes. Expenditures from the account may be used only for the
23 following purposes:

24 (a) Programs, activities, and projects in the capital budget that
25 reduce greenhouse gas emissions, increase resilience to the impacts
26 of climate change, result in long-term environmental benefits, or
27 otherwise achieve the purposes of this chapter;

28 (b) Reduction and mitigation of impacts from greenhouse gases and
29 copollutants in overburdened communities, including strengthening the
30 air quality monitoring network required in RCW 70A.65.020;

31 (c) Projects or activities to promote electrification or reduce
32 the greenhouse gas emissions associated with electricity production,
33 distribution, or consumption, including (i) renewable energy
34 resources, such as solar and wind power, (ii) distributed generation,
35 (iii) energy storage, (iv) demand-side technologies and strategies,
36 and (v) grid modernization projects;

37 (d) Increased energy efficiency or reduced greenhouse gas
38 emissions for industrial facilities including, but not limited to,

1 combined heat and power, district energy, on-site renewables such as
2 solar and wind power, and less emissions-intensive fuel sources;

3 (e) Increased energy efficiency or reduced greenhouse gas
4 emissions for the agricultural sector including, but not limited to,
5 fertilizer management, soil management, bioenergy, biofuels, grants
6 and other financial incentives for agricultural equipment or food
7 processing, renewable energy projects, farmworker housing
8 weatherization programs, dairy digester research and development, and
9 alternative manure management;

10 (f) Increased energy efficiency or reduced greenhouse gas
11 emissions in new and existing residential, commercial, and industrial
12 buildings, including low carbon architecture, alternative building
13 materials that result in a lower carbon footprint over the life cycle
14 of the building and component building materials, electric
15 appliances, and equipment for space and water heating;

16 (g) The expansion of clean manufacturing capacity in communities
17 across Washington, including related community investments such as
18 transportation, municipal service delivery, and technology
19 investments, with an emphasis on communities in greatest need of job
20 creation and economic development and potential for commute
21 reduction;

22 (h) Improved energy affordability and reduced energy burden for
23 people with lower incomes, including energy efficiency and
24 weatherization programs, and community renewable energy projects that
25 allow qualifying participants to own or receive the benefits of those
26 projects at reduced or no cost;

27 (i) Reduced emissions from landfills and waste-to-energy
28 facilities through diversion of organic materials, methane capture or
29 conversion strategies, installation of gas collection devices and gas
30 control systems, monitoring and reporting of methane emissions, or
31 other means, prioritizing funding needed for any activities by local
32 governments to comply with chapter 70A.540 RCW;

33 (j) Carbon dioxide removal;

34 (k) Activities to support efforts to mitigate and adapt to the
35 effects of climate change affecting Indian tribes, including capital
36 investments in support of the relocation of Indian tribes located in
37 areas at heightened risk due to anticipated sea level rise, flooding,
38 or other disturbances caused by climate change. The legislature
39 intends to dedicate at least \$50,000,000 per biennium from the
40 account for purposes of this subsection when the department's most

1 recent baseline climate commitment act forecast projects
2 \$1,000,000,000 or more for the biennium in total revenue to the
3 state. When the department's most recent baseline climate commitment
4 act forecast projects less than \$1,000,000,000 for the biennium, the
5 legislature intends to dedicate at least five percent of total
6 projected revenue to the state for the biennium for the purposes of
7 this subsection;

8 (l) Electric vehicle infrastructure, including infrastructure in
9 buildings;

10 (m) Clean water investments that improve resilience from climate
11 impacts. Funding under this subsection (l)(m) must be used to:

12 (i) Restore and protect estuaries, fisheries, and marine
13 shoreline habitats and prepare for sea level rise;

14 (ii) Make fish passage correction investments, such as those
15 identified in the cost-share barrier removal program for small
16 forestland owners created in RCW 76.13.150 and those that are
17 considered by the fish passage barrier removal board created in RCW
18 77.95.160;

19 (iii) Increase carbon storage in the ocean or aquatic and coastal
20 ecosystems;

21 (iv) Increase the ability to mitigate, remediate, and adapt to
22 the impacts of ocean acidification;

23 (v) Reduce flood risk and restore natural floodplain ecological
24 function;

25 (vi) Increase the sustainable supply of water and improve aquatic
26 habitat, including groundwater mapping and modeling;

27 (vii) Improve infrastructure treating stormwater from previously
28 developed areas within an urban growth boundary designated under
29 chapter 36.70A RCW, with a preference given to projects that use
30 green stormwater infrastructure;

31 (viii) Either preserve or increase, or both, greenhouse gas
32 sequestration and storage benefits in forests, forested wetlands,
33 agricultural soils, tidally influenced agricultural or grazing lands,
34 or freshwater, saltwater, or brackish aquatic lands; or

35 (ix) Either preserve or establish, or both, greenhouse gas
36 sequestration by protecting or planting trees in marine shorelines
37 and freshwater riparian areas sufficient to promote climate
38 resilience, protect cold water fisheries, and achieve water quality
39 standards;

1 (n) Healthy forest investments to improve resilience from climate
2 impacts. Funding under this subsection (1)(n) must be used for
3 projects that will:

4 (i) Increase forest and community resilience to wildfire in the
5 face of increased seasonal temperatures and drought;

6 (ii) Improve forest health and reduce vulnerability to changes in
7 hydrology, insect infestation, and other impacts of climate change;
8 or

9 (iii) Prevent emissions by retaining natural and working lands
10 against the threat of conversion to development or loss of critical
11 habitat, through actions that include, but are not limited to, the
12 creation of new conservation lands, community forests, or increased
13 support to small forestland owners through assistance programs
14 including, but not limited to, the forest riparian easement program
15 and the family forest fish passage program. It is the intent of the
16 legislature that not less than \$10,000,000 be expended each biennium
17 for the forestry riparian easement program created in chapter 76.13
18 RCW or for riparian easement projects funded under the agricultural
19 conservation easements program established under RCW 89.08.530, or
20 similar riparian enhancement programs when the department's most
21 recent baseline climate commitment act forecast projects
22 \$1,000,000,000 or more for that biennium in total revenue to the
23 state. When the department's most recent baseline climate commitment
24 act forecast projects less than \$1,000,000,000 for that biennium, the
25 legislature intends to dedicate at least one percent of total
26 projected revenue to the state for the biennium for the purposes of
27 the forestry riparian easement program and similar programs; and

28 (o) Housing that reduces commute times and distances for low-
29 income households.

30 (2) The legislature intends that at least 25 percent of the total
31 appropriations each biennium from this account and the climate
32 commitment act operating account created in section 1 of this act are
33 made for the purposes of the clean water and healthy forest
34 investments in subsection (1)(m) and (n) of this section and section
35 1(1) (s) and (t) of this act.

36 (3) Moneys in the account may not be used for projects or
37 activities that would violate tribal treaty rights or result in
38 significant long-term damage to critical habitat or ecological
39 functions.

1 (4) Moneys in the account must be spent in a manner that is
2 consistent with scientific assessment of current and future climate
3 risks such as those encompassed in the state's current climate
4 resilience strategy developed under chapter 70A.05 RCW.

5 **Sec. 3.** RCW 70A.65.100 and 2024 c 352 s 5 are each amended to
6 read as follows:

7 (1) Except as provided in RCW 70A.65.110, 70A.65.120, and
8 70A.65.130, the department shall distribute allowances through
9 auctions as provided in this section and in rules adopted by the
10 department to implement these sections. An allowance is not a
11 property right.

12 (2)(a) The department shall hold a maximum of four auctions
13 annually, plus any necessary reserve auctions. An auction may include
14 allowances from the annual allowance budget of the current year and
15 allowances from the annual allowance budgets from prior years that
16 remain to be distributed. The department must transmit to the
17 environmental justice council an auction notice at least 60 days
18 prior to each auction, as well as a summary results report and a
19 postauction public proceeds report within 60 days after each auction.
20 The department must communicate the results of the previous calendar
21 year's auctions to the environmental justice council on an annual
22 basis beginning in 2024.

23 (b) The department must make future vintage allowances available
24 through parallel auctions at least twice annually in addition to the
25 auctions through which current vintage allowances are exclusively
26 offered under (a) of this subsection.

27 (3) The department shall engage a qualified, independent
28 contractor to run the auctions. The department shall also engage a
29 qualified financial services administrator to hold the bid
30 guarantees, evaluate bid guarantees, and inform the department of the
31 value of bid guarantees once the bids are accepted.

32 (4) Auctions are open to covered entities, opt-in entities, and
33 general market participants that are registered entities in good
34 standing. The department shall adopt by rule the requirements for a
35 registered entity to register and participate in a given auction.

36 (a) Registered entities intending to participate in an auction
37 must submit an application to participate at least 30 days prior to
38 the auction. The application must include the documentation required
39 for review and approval by the department. A registered entity is

1 eligible to participate only after receiving a notice of approval by
2 the department.

3 (b) Each registered entity that elects to participate in the
4 auction must have a different representative. Only a representative
5 with an approved auction account is authorized to access the auction
6 platform to submit an application or confirm the intent to bid for
7 the registered entity, submit bids on behalf of the registered entity
8 during the bidding window, or to download reports specific to the
9 auction.

10 (5) The department may require a bid guarantee, payable to the
11 financial services administrator, in an amount greater than or equal
12 to the sum of the maximum value of the bids to be submitted by the
13 registered entity.

14 (6) To protect the integrity of the auctions, a registered entity
15 or group of registered entities with a direct corporate association
16 are subject to auction purchase and holding limits. The department
17 may impose additional limits if it deems necessary to protect the
18 integrity and functioning of the auctions:

19 (a) A covered entity or an opt-in entity may not buy more than 25
20 percent of the allowances offered during a single auction;

21 (b) A general market participant may not buy more than four
22 percent of the allowances offered during a single auction;

23 (c) Until Washington links with a jurisdiction that does not have
24 this requirement, a general market participant may not in aggregate
25 own more than 10 percent of total allowances to be issued in a
26 calendar year;

27 (d) No registered entity may buy more than the entity's bid
28 guarantee; and

29 (e) No registered entity may buy allowances that would exceed the
30 entity's holding limit at the time of the auction.

31 ~~(7) ((a) For fiscal year 2023, upon completion and verification
32 of the auction results, the financial services administrator shall
33 notify winning bidders and transfer the auction proceeds to the state
34 treasurer for deposit as follows: (i) \$127,341,000 must first be
35 deposited into the carbon emissions reduction account created in RCW
36 70A.65.240; and (ii) the remaining auction proceeds to the climate
37 investment account created in RCW 70A.65.250 and the air quality and
38 health disparities improvement account created in RCW 70A.65.280.~~

39 ~~(b) For fiscal year 2024, upon completion and verification of the
40 auction results, the financial services administrator shall notify~~

1 winning bidders and transfer the auction proceeds to the state
2 treasurer for deposit as follows: (i) \$356,697,000 must first be
3 deposited into the carbon emissions reduction account created in RCW
4 70A.65.240, except during fiscal year 2024, the deposit as provided
5 in this subsection (7)(b)(i) may be prorated equally across each of
6 the auctions occurring in fiscal year 2024; and (ii) the remaining
7 auction proceeds to the climate investment account created in RCW
8 70A.65.250 and the air quality and health disparities improvement
9 account created in RCW 70A.65.280, which may be prorated equally
10 across each of the auctions occurring in fiscal year 2024.

11 (c) For fiscal year 2025, upon completion and verification of the
12 auction results, the financial services administrator shall notify
13 winning bidders and transfer the auction proceeds to the state
14 treasurer for deposit as follows: (i) \$366,558,000 must first be
15 deposited into the carbon emissions reduction account created in RCW
16 70A.65.240, except that during fiscal year 2025, the deposit as
17 provided in this subsection (7)(c)(i) may be prorated equally across
18 each of the auctions occurring in fiscal year 2025; and (ii) the
19 remaining auction proceeds to the climate investment account created
20 in RCW 70A.65.250 and the air quality and health disparities
21 improvement account created in RCW 70A.65.280, which may be prorated
22 equally across each of the auctions occurring in fiscal year 2025.

23 (d) For fiscal years 2026 through 2037, upon)) Upon completion
24 and verification of the results of each auction ((results)), the
25 financial services administrator shall notify winning bidders and
26 transfer the auction proceeds to the state treasurer for deposit as
27 follows:

28 ((i) \$359,117,000 per year must first be deposited into the
29 carbon emissions reduction account created in RCW 70A.65.240; and
30 (ii) the remaining auction proceeds to the climate investment account
31 created in RCW 70A.65.250 and the air quality and health disparities
32 improvement account created in RCW 70A.65.280.

33 (e) The deposits into the carbon emissions reduction account
34 pursuant to (a) through (d) of this subsection must not exceed
35 \$5,200,000,000 over the first 16 fiscal years and any remaining
36 auction proceeds must be deposited into the climate investment
37 account created in RCW 70A.65.250 and the air quality and health
38 disparities improvement account created in RCW 70A.65.280.

39 (f) For fiscal year 2038 and each year thereafter, upon
40 completion and verification of the auction results, the financial

1 ~~services administrator shall notify winning bidders and transfer the~~
2 ~~auction proceeds to the state treasurer for deposit as follows: (i)~~
3 ~~50 percent of the auction proceeds to the carbon emissions reduction~~
4 ~~account created in RCW 70A.65.240; and (ii) the remaining auction~~
5 ~~proceeds to the climate investment account created in RCW 70A.65.250~~
6 ~~and the air quality and health disparities improvement account~~
7 ~~created in RCW 70A.65.280))~~ (a) First, each fiscal year an amount
8 must be deposited in the climate commitment act operating account
9 created in section 1 of this act as follows: \$25,000,000 for fiscal
10 year 2028, increased each subsequent fiscal year by the fiscal growth
11 factor as defined in RCW 43.135.025 for that fiscal year. The
12 department must calculate this amount for every fiscal year and
13 communicate it to the state treasurer, the office of financial
14 management, and legislative staff. The legislature intends the
15 funding in (a) of this subsection to be used primarily for the
16 department's costs to administer this chapter.

17 (b) The remaining auction proceeds each fiscal year after the
18 distribution in (a) of this subsection must be deposited as follows:

19 (i) 68 percent to the carbon emissions reduction account created
20 in RCW 70A.65.240. When total revenue to the carbon emissions
21 reduction account under this subsection reaches a maximum of
22 \$359,117,000 for the fiscal year, revenue under this subsection
23 (7)(b)(i) is instead deposited into the climate commitment act
24 capital account created in section 2 of this act;

25 (ii) 15 percent to the climate commitment act operating account
26 created in section 1 of this act. When total revenue to the climate
27 commitment act operating account under (a) and (b)(ii) of this
28 subsection reaches a maximum of \$80,000,000 for the fiscal year,
29 revenue under this subsection (7)(b)(ii) is instead deposited into
30 the climate commitment act capital account created in section 2 of
31 this act;

32 (iii) Two percent to the air quality and health disparities
33 improvement account created in RCW 70A.65.280. When total revenue to
34 the air quality and health disparities improvement account under this
35 subsection reaches a maximum of \$10,000,000 for the fiscal year,
36 revenue under this subsection (7)(b)(iii) is instead deposited into
37 the climate commitment act capital account created in section 2 of
38 this act; and

39 (iv) 15 percent to the climate commitment act capital account
40 created in section 2 of this act.

1 (8) The department shall adopt by rule provisions to guard
2 against bidder collusion and minimize the potential for market
3 manipulation. A registered entity may not release or disclose any
4 bidding information including: Intent to participate or refrain from
5 participation; auction approval status; intent to bid; bidding
6 strategy; bid price or bid quantity; or information on the bid
7 guarantee provided to the financial services administrator. The
8 department may cancel or restrict a previously approved auction
9 participation application or reject a new application if the
10 department determines that a registered entity has:

- 11 (a) Provided false or misleading facts;
- 12 (b) Withheld material information that could influence a decision
13 by the department;
- 14 (c) Violated any part of the auction rules;
- 15 (d) Violated registration requirements; or
- 16 (e) Violated any of the rules regarding the conduct of the
17 auction.

18 (9) Records containing the following information are confidential
19 and are exempt from public disclosure in their entirety:

20 (a) Bidding information as identified in subsection (8) of this
21 section;

22 (b) Information contained in the secure, online electronic
23 tracking system established by the department pursuant to RCW
24 70A.65.090(6);

25 (c) Financial, proprietary, and other market sensitive
26 information as determined by the department that is submitted to the
27 department pursuant to this chapter;

28 (d) Financial, proprietary, and other market sensitive
29 information as determined by the department that is submitted to the
30 independent contractor or the financial services administrator
31 engaged by the department pursuant to subsection (3) of this section;
32 and

33 (e) Financial, proprietary, and other market sensitive
34 information as determined by the department that is submitted to a
35 jurisdiction with which the department has entered into a linkage
36 agreement pursuant to RCW 70A.65.210, and which is shared with the
37 department, the independent contractor, or the financial services
38 administrator pursuant to a linkage agreement.

39 (10) Any cancellation or restriction approved by the department
40 under subsection (8) of this section may be permanent or for a

1 specified number of auctions and the cancellation or restriction
2 imposed is not exclusive and is in addition to the remedies that may
3 be available pursuant to chapter 19.86 RCW or other state or federal
4 laws, if applicable.

5 (11) The department shall design allowance auctions so as to
6 allow, to the maximum extent practicable, linking with external
7 greenhouse gas emissions trading programs in other jurisdictions and
8 to facilitate the transfer of allowances when the state's program has
9 entered into a linkage agreement with other external greenhouse gas
10 emissions trading programs. The department may conduct auctions
11 jointly with linked jurisdictions.

12 (12) In setting the number of allowances offered at each auction,
13 the department shall consider the allowances in the marketplace due
14 to the marketing of allowances issued as required under RCW
15 70A.65.110, 70A.65.120, and 70A.65.130 in the department's
16 determination of the number of allowances to be offered at auction.
17 The department shall offer only such number of allowances at each
18 auction as will enhance the likelihood of achieving the goals of RCW
19 70A.45.020.

20 **Sec. 4.** RCW 70A.65.230 and 2025 c 417 s 806 are each amended to
21 read as follows:

22 (1) It is the intent of the legislature that each ~~((year))~~
23 biennium the total investments made through the carbon emissions
24 reduction account created in RCW 70A.65.240, the ~~((climate commitment~~
25 ~~account created in RCW 70A.65.260, the natural climate solutions~~
26 ~~account created in RCW 70A.65.270)) climate commitment act operating
27 account created in section 1 of this act, the climate commitment act
28 capital account created in section 2 of this act, and the air quality
29 and health disparities improvement account created in RCW 70A.65.280,
30 achieve the following:~~

31 (a) A minimum of not less than 35 percent and a goal of 40
32 percent of total investments that provide direct and meaningful
33 benefits to vulnerable populations within the boundaries of
34 overburdened communities identified under chapter 70A.02 RCW; and

35 (b) In addition to the requirements of (a) of this subsection, a
36 minimum of not less than 10 percent of total investments that are
37 used for programs, activities, or projects ~~((formally))~~ supported by
38 ~~((a resolution of))~~ an Indian tribe, with priority given to otherwise
39 qualifying projects directly administered or proposed by an Indian

1 tribe. Investments that meet the requirement of this subsection
2 (1)(b) may include a letter of support from an Indian tribe, funding
3 provided to or requested by an Indian tribe, a formal resolution of
4 an Indian tribe, or similar expressions of support from an Indian
5 tribe. An investment that meets the requirements of both this
6 subsection (1)(b) and (a) of this subsection may count toward the
7 minimum percentage targets for both subsections.

8 (2) The expenditure of moneys under this chapter must be
9 consistent with applicable federal, state, and local laws, and treaty
10 rights including, but not limited to, prohibitions on uses of funds
11 imposed by the state Constitution.

12 (3) For the purposes of this section, "benefits" means
13 investments or activities that:

14 (a) Reduce vulnerable population characteristics, environmental
15 burdens, or associated risks that contribute significantly to the
16 cumulative impact designation of overburdened communities;

17 (b) Meaningfully protect an overburdened community from, or
18 support community response to, the impacts of air pollution or
19 climate change; or

20 (c) Meet a community need identified by vulnerable members of the
21 overburdened community that is consistent with the intent of this
22 chapter.

23 ~~((4) The state must develop a process by which to evaluate the~~
24 ~~impacts of the investments made under this chapter, work across state~~
25 ~~agencies to develop and track priorities across the different~~
26 ~~eligible funding categories, and work with the environmental justice~~
27 ~~council pursuant to RCW 70A.65.040.))~~

28 **Sec. 5.** RCW 70A.65.280 and 2021 c 316 s 31 are each amended to
29 read as follows:

30 (1) The air quality and health disparities improvement account is
31 created in the state treasury. Moneys in the account may be spent
32 only after appropriation. Expenditures from the account are intended
33 to:

34 (a) Improve air quality through the reduction of criteria
35 pollutants, including through effective air quality monitoring and
36 the establishment of adequate baseline emissions data; and

37 (b) Reduce health disparities in overburdened communities by
38 improving health outcomes through the reduction or elimination of
39 environmental harms and the promotion of environmental benefits.

1 (2) Moneys in the account may be used for ~~((either))~~ operating
2 budget, capital budget, or transportation budget purposes ~~((, or~~
3 ~~both))~~. Moneys in the account may not be used for projects that would
4 violate tribal treaty rights or result in significant long-term
5 damage to critical habitat or ecological functions. Investments from
6 the account must result in long-term environmental benefits and
7 increased resilience to the impacts of climate change.

8 ~~((3) It is the intent of the legislature that not less than~~
9 ~~\$20,000,000 per biennium be dedicated to the account for the purposes~~
10 ~~of the account.))~~

11 **Sec. 6.** RCW 70A.65.300 and 2025 c 424 s 975 are each amended to
12 read as follows:

13 (1) The department shall prepare, post on the department website,
14 and submit to the appropriate committees of the legislature ~~((an~~
15 ~~annual))~~ a report that identifies all distributions of moneys from
16 the accounts created in RCW 70A.65.240 ~~((through))~~, 70A.65.280,
17 section 1 of this act, and section 2 of this act.

18 (2) The report must identify, at a minimum ~~((, the))~~ :

19 (a) The recipient of the funding, the amount of the funding, the
20 purpose of the funding, the actual end result or use of the funding,
21 whether the project that received the funding produced any verifiable
22 reduction in greenhouse gas emissions or other long-term impact to
23 emissions, and if so, the quantity of reduced greenhouse gas
24 emissions, the cost per carbon dioxide equivalent metric ton of
25 reduced greenhouse gas emissions, and a comparison to other
26 greenhouse gas emissions reduction projects in order to facilitate
27 the development of cost-benefit ratios for greenhouse gas emissions
28 reduction projects; and

29 (b) The expenditures that provide direct and meaningful benefits
30 to vulnerable populations within the boundaries of overburdened
31 communities as described in RCW 70A.65.030 and 70A.65.230, and the
32 expenditures that are supported by an Indian tribe as described in
33 RCW 70A.65.230, including:

34 (i) The amount of each expenditure that provides direct and
35 meaningful benefits to vulnerable populations within the boundaries
36 of overburdened communities;

37 (ii) An explanation of how the expenditure provides such
38 benefits;

1 (iii) The methods by which overburdened communities and
2 vulnerable populations were identified by the agency and an
3 explanation of the outcomes of those identification processes,
4 including the geographic location impacted by the expenditure where
5 relevant, and the geographic boundaries of overburdened communities
6 identified by the agency; and

7 (iv) The amount of each expenditure used for programs,
8 activities, or projects supported by an Indian tribe.

9 (3) The department shall require by rule that recipients of funds
10 from the accounts created in RCW 70A.65.240 through 70A.65.280,
11 section 1 of this act, and section 2 of this act report to the
12 department, in a form and manner prescribed by the department, the
13 information required for the department to carry out the department's
14 duties established in this section.

15 ~~(4) ((The department shall update its website with the~~
16 ~~information described in subsection (2) of this section as~~
17 ~~appropriate but no less frequently than once per calendar year.~~

18 ~~(5) The))~~ After the conclusion of each fiscal year through fiscal
19 year 2027, the department shall submit ((its)) the report under this
20 section to the appropriate committees of the legislature ((with the
21 ~~information described in subsection (2) of this section)) and update~~
22 its website no later than ((September 30)) December 31st of each
23 year. ((For fiscal year 2025, the report must be submitted no later
24 than November 30, 2024. During the 2025-2027 fiscal biennium, the
25 report must be submitted no later than November 30 of each fiscal
26 year.)) Beginning with the 2027-2029 biennium, after the conclusion
27 of each biennium the department shall submit the report on a biennial
28 basis by December 31st of each odd-numbered year.

29 NEW SECTION. Sec. 7. Following the fiscal closure of the
30 2025-2027 biennium, the state treasurer must transfer the remaining
31 balance of the climate investment account created in RCW 70A.65.250,
32 the climate commitment account created in RCW 70A.65.260, and the
33 natural climate solutions account created in RCW 70A.65.270 as
34 follows: (1) 80 percent into the climate commitment act capital
35 account created in section 2 of this act; and (2) 20 percent to the
36 carbon emissions reduction account created in RCW 70A.65.240, to be
37 used for infrastructure and incentives that support transportation
38 electrification.

1 **Sec. 8.** RCW 43.21B.300 and 2025 c 316 s 302 and 2025 c 58 s 3008
2 are each reenacted and amended to read as follows:

3 (1) Any civil penalty provided in RCW 18.104.155, 70A.15.3160,
4 70A.205.280, 70A.230.080, 70A.300.090, 70A.20.050, 70A.245.040,
5 70A.245.050, 70A.245.070, 70A.245.080, 70A.245.130, 70A.245.140,
6 70A.65.200, 70A.430.070, 70A.455.090, 70A.500.260, 70A.505.110,
7 70A.555.110, 70A.560.020, 70A.208.230, 70A.565.030, 86.16.081,
8 88.46.090, 90.03.600, 90.46.270, 90.48.144, 90.56.310, 90.56.330, and
9 90.64.102 and chapter 70A.355 RCW shall be imposed by a notice in
10 writing, either by certified mail with return receipt requested or by
11 personal service, to the person incurring the penalty from the
12 department or the local air authority, describing the violation with
13 reasonable particularity. For penalties issued by local air
14 authorities, within 30 days after the notice is received, the person
15 incurring the penalty may apply in writing to the authority for the
16 remission or mitigation of the penalty. Upon receipt of the
17 application, the authority may remit or mitigate the penalty upon
18 whatever terms the authority in its discretion deems proper. The
19 authority may ascertain the facts regarding all such applications in
20 such reasonable manner and under such rules as it may deem proper and
21 shall remit or mitigate the penalty only upon a demonstration of
22 extraordinary circumstances such as the presence of information or
23 factors not considered in setting the original penalty.

24 (2) Any penalty imposed under this section may be appealed to the
25 pollution control hearings board in accordance with this chapter if
26 the appeal is filed with the hearings board and served on the
27 department or authority 30 days after the date of receipt by the
28 person penalized of the notice imposing the penalty or 30 days after
29 the date of receipt of the notice of disposition by a local air
30 authority of the application for relief from penalty.

31 (3) A penalty shall become due and payable on the later of:

32 (a) 30 days after receipt of the notice imposing the penalty;

33 (b) 30 days after receipt of the notice of disposition by a local
34 air authority on application for relief from penalty, if such an
35 application is made; or

36 (c) 30 days after receipt of the notice of decision of the
37 hearings board if the penalty is appealed.

38 (4) If the amount of any penalty is not paid to the department
39 within 30 days after it becomes due and payable, the attorney
40 general, upon request of the department, shall bring an action in the

1 name of the state of Washington in the superior court of Thurston
2 county, or of any county in which the violator does business, to
3 recover the penalty. If the amount of the penalty is not paid to the
4 authority within 30 days after it becomes due and payable, the
5 authority may bring an action to recover the penalty in the superior
6 court of the county of the authority's main office or of any county
7 in which the violator does business. In these actions, the procedures
8 and rules of evidence shall be the same as in an ordinary civil
9 action.

10 (5) All penalties recovered shall be paid into the state treasury
11 and credited to the general fund except the following:

12 (a) Penalties imposed pursuant to RCW 18.104.155 must be credited
13 to the reclamation account as provided in RCW 18.104.155(7);

14 (b) Penalties imposed pursuant to RCW 70A.15.3160 must be
15 disposed of pursuant to RCW 70A.15.3160;

16 (c) Penalties imposed pursuant to RCW 70A.230.080, 70A.300.090,
17 70A.430.070, 70A.555.110, 70A.560.020, and 70A.565.030 must be
18 credited to the model toxics control operating account created in RCW
19 70A.305.180;

20 (d) Penalties imposed pursuant to RCW 70A.245.040, 70A.245.050,
21 and chapter 70A.208 RCW must be credited to the recycling enhancement
22 account created in RCW 70A.245.100;

23 (e) Penalties imposed pursuant to RCW 70A.500.260 must be
24 deposited into the electronic products recycling account created in
25 RCW 70A.500.130;

26 (f) Penalties imposed pursuant to RCW 70A.65.200 must be credited
27 to the climate (~~(investment)~~) commitment act operating account
28 created in (~~(RCW 70A.65.250)~~) section 1 of this act;

29 (g) Penalties imposed pursuant to RCW 90.56.330 must be credited
30 to the coastal protection fund established in RCW 90.48.390; and

31 (h) Penalties imposed pursuant to RCW 70A.355.070 must be
32 credited to the underground storage tank account created in RCW
33 70A.355.090.

34 **Sec. 9.** RCW 70A.65.030 and 2025 c 424 s 972, 2025 c 417 s 804,
35 and 2025 c 58 s 3011 are each reenacted and amended to read as
36 follows:

37 (1) Except as provided in subsection (4) of this section, each
38 year or biennium, as appropriate, when allocating funds from the
39 carbon emissions reduction account created in RCW 70A.65.240, the

1 climate commitment act operating account created in ((RCW
2 70A.65.260)) section 1 of this act, the ((~~natural climate solutions~~))
3 climate commitment act capital account created in ((RCW 70A.65.270))
4 section 2 of this act, ((~~the climate investment account created in~~
5 ~~RCW 70A.65.250,~~)) or the air quality and health disparities
6 improvement account created in RCW 70A.65.280, or administering
7 grants or programs funded by the accounts, agencies shall conduct an
8 environmental justice assessment consistent with the requirements of
9 RCW 70A.02.060 and establish a minimum of not less than 35 percent
10 and a goal of 40 percent of total investments that provide direct and
11 meaningful benefits to vulnerable populations within the boundaries
12 of overburdened communities through: (a) The direct reduction of
13 environmental burdens in overburdened communities; (b) the reduction
14 of disproportionate, cumulative risk from environmental burdens,
15 including those associated with climate change; (c) the support of
16 community led project development, planning, and participation costs;
17 or (d) meeting a community need identified by the community that is
18 consistent with the intent of this chapter or RCW 70A.02.010.

19 (2) The allocation of funding under subsection (1) of this
20 section must adhere to the following principles, additional to the
21 requirements of RCW 70A.02.080: (a) Benefits and programs should be
22 directed to areas and targeted to vulnerable populations and
23 overburdened communities to reduce statewide disparities; (b)
24 investments and benefits should be made roughly proportional to the
25 health disparities that a specific community experiences, with a goal
26 of eliminating the disparities; (c) investments and programs should
27 focus on creating environmental benefits, including eliminating
28 health burdens, creating community and population resilience, and
29 raising the quality of life of those in the community; and (d)
30 efforts should be made to balance investments and benefits across the
31 state and within counties, local jurisdictions, and unincorporated
32 areas as appropriate to reduce disparities by location and to ensure
33 efforts contribute to a reduction in disparities that exist based on
34 race or ethnicity, socioeconomic status, or other factors.

35 (3) Except as provided in subsection (4) of this section, state
36 agencies allocating funds or administering grants or programs from
37 the carbon emissions reduction account created in RCW 70A.65.240, the
38 climate commitment act operating account created in ((RCW
39 70A.65.260)) section 1 of this act, the ((~~natural climate solutions~~))
40 climate commitment act capital account created in ((RCW 70A.65.270))

1 ~~section 2 of this act, ((the climate investment account created in~~
2 ~~RCW 70A.65.250,))~~ or the air quality and health disparities
3 improvement account created in RCW 70A.65.280, must:

4 (a) Report (~~annually~~) biennially to the environmental justice
5 council created in RCW 70A.02.110 regarding progress toward meeting
6 environmental justice and environmental health goals;

7 (b) Consider recommendations by the environmental justice
8 council; and

9 (c) (i) If the agency is not a covered agency subject to the
10 requirements of chapter 70A.02 RCW, create and adopt a community
11 engagement plan to describe how it will engage with overburdened
12 communities and vulnerable populations in allocating funds or
13 administering grants or programs from the climate investment account.

14 (ii) The plan must include methods for outreach and communication
15 with those who face barriers, language or otherwise, to
16 participation.

17 (4) (~~During the 2023-2025 and 2025-2027 fiscal biennia:~~)

18 (a) The requirement of subsection (1) of this section to conduct
19 an environmental justice assessment applies only to covered agencies
20 as defined in RCW 70A.02.010 and to significant agency actions as
21 defined in RCW 70A.02.010.

22 (b) Agencies shall coordinate with the department and the office
23 of financial management to achieve total statewide spending from the
24 accounts listed in subsection (1) of this section of not less than 35
25 percent and a goal of 40 percent of total investments that provide
26 direct and meaningful benefits to vulnerable populations within the
27 boundaries of overburdened communities as otherwise described in
28 subsection (1)(a) through (d) of this section and in accordance with
29 RCW 70A.65.230.

30 (c) The requirements of subsection (3)(c) of this section for
31 agencies other than covered agencies to create and adopt community
32 engagement plans apply only to executive branch agencies and
33 institutions of higher education, as defined in RCW 28B.10.016,
34 receiving total appropriations of more than \$2,000,000 (~~for the~~
35 ~~2023-2025 fiscal~~) per biennium from the accounts listed in
36 subsection (1) of this section.

37 **Sec. 10.** RCW 70A.65.040 and 2025 c 417 s 805 are each amended to
38 read as follows:

1 (1) The environmental justice council created in RCW 70A.02.110
2 must provide recommendations to the legislature, agencies, and the
3 governor in the development and implementation of the program
4 established in RCW 70A.65.060 through 70A.65.210, and the programs
5 funded from the carbon emissions reduction account created in RCW
6 70A.65.240, the climate commitment act operating account created in
7 ((~~RCW 70A.65.260~~)) section 1 of this act, and the ((~~natural climate~~
8 ~~solutions~~)) climate commitment act capital account created in ((~~RCW~~
9 ~~70A.65.270~~, and the ~~climate investment account created in RCW~~
10 ~~70A.65.250~~)) section 2 of this act.

11 (2) In addition to the duties and authorities granted in chapter
12 70A.02 RCW to the environmental justice council, the environmental
13 justice council must:

14 (a) Provide recommendations to the legislature, agencies, and the
15 governor in the development of:

16 (i) The program established in RCW 70A.65.060 through 70A.65.210
17 including, but not limited to, linkage with other jurisdictions,
18 protocols for establishing offset projects and securing offset
19 credits, designation of emissions-intensive and trade-exposed
20 industries under RCW 70A.65.110, and administration of allowances
21 under the program; and

22 (ii) Investment plans and funding proposals for the programs
23 funded from the climate ((~~investment~~)) commitment act operating
24 account created in ((~~RCW 70A.65.250~~)) section 1 of this act for the
25 purpose of providing environmental benefits and reducing
26 environmental health disparities within overburdened communities;

27 (b) Provide a forum to analyze policies adopted under this
28 chapter to determine if the policies lead to improvements within
29 overburdened communities;

30 (c) Recommend procedures and criteria for evaluating programs,
31 activities, or projects;

32 (d) Recommend copollutant emissions reduction goals in
33 overburdened communities;

34 (e) Evaluate the level of funding provided to assist vulnerable
35 populations, low-income individuals, and impacted workers and the
36 funding of projects and activities located within or benefiting
37 overburdened communities;

38 (f) Recommend environmental justice and environmental health
39 goals for programs, activities, and projects funded from the climate

1 investment account, and review agency annual reports on outcomes and
2 progress toward meeting these goals;

3 (g) Provide recommendations to implementing agencies for
4 meaningful consultation with vulnerable populations, including
5 community engagement plans under RCW 70A.65.020 and 70A.65.030; and

6 (h) Recommend how to support public participation through
7 capacity grants for participation.

8 (3) For the purpose of performing the duties under subsection (2)
9 of this section, two additional tribal members are added to the
10 council.

11 **Sec. 11.** RCW 70A.65.060 and 2024 c 352 s 2 are each amended to
12 read as follows:

13 (1) In order to ensure that greenhouse gas emissions are reduced
14 by covered entities consistent with the limits established in RCW
15 70A.45.020, the department must implement a cap on greenhouse gas
16 emissions from covered entities and a program to track, verify, and
17 enforce compliance through the use of compliance instruments.

18 (2) The program must consist of:

19 (a) Annual allowance budgets that limit emissions from covered
20 entities, as provided in this section and RCW 70A.65.070 and
21 70A.65.080;

22 (b) Defining those entities covered by the program, and those
23 entities that may voluntarily opt into coverage under the program, as
24 provided in this section and RCW 70A.65.070 and 70A.65.080;

25 (c) Distribution of emission allowances, as provided in RCW
26 70A.65.100, and through the allowance price containment provisions
27 under RCW 70A.65.140 and 70A.65.150;

28 (d) Providing for offset credits as a method for meeting a
29 compliance obligation, pursuant to RCW 70A.65.170;

30 (e) Defining the compliance obligations of covered entities, as
31 provided in chapter 316, Laws of 2021;

32 (f) Establishing the authority of the department to enforce the
33 program requirements, as provided in RCW 70A.65.200;

34 (g) ~~((Creating a climate investment account for the deposit of
35 receipts from the distribution of emission allowances, as provided in
36 RCW 70A.65.250;~~

37 ~~(h))~~ Providing for the transfer of allowances and recognition of
38 compliance instruments, including those issued by jurisdictions with
39 which Washington has linkage agreements;

1 (~~(i)~~) (h) Providing monitoring and oversight of the sale and
2 transfer of allowances by the department;

3 (~~(j)~~) (i) Creating a price ceiling and associated mechanisms as
4 provided in RCW 70A.65.160; and

5 (~~(k)~~) (j) Providing for the allocation of allowances to
6 emissions-intensive, trade-exposed industries pursuant to RCW
7 70A.65.110.

8 (3) The department shall consider opportunities to implement the
9 program in a manner that allows linking the state's program with
10 those of other jurisdictions. The department must evaluate whether
11 such linkage will provide for a more cost-effective means for covered
12 entities to meet their compliance obligations in Washington while
13 recognizing the special characteristics of the state's economy,
14 communities, and industries. The department is authorized to enter
15 into a linkage agreement with another jurisdiction after conducting
16 an environmental justice assessment and after formal notice and
17 opportunity for a public hearing, and when consistent with the
18 requirements of RCW 70A.65.210. The department is authorized to
19 withdraw from a linkage agreement and every linkage agreement must
20 provide that the department reserves the right to withdraw from the
21 agreement.

22 (4) During the 2022 regular legislative session, the department
23 must bring forth agency request legislation developed in consultation
24 with emissions-intensive, trade-exposed businesses, covered entities,
25 environmental advocates, and overburdened communities that outlines a
26 compliance pathway specific to emissions-intensive, trade-exposed
27 businesses for achieving their proportionate share of the state's
28 emissions reduction limits through 2050.

29 (5) By December 1, 2027, and by December 1st of each year that is
30 one year after the end of a compliance period, and in compliance with
31 RCW 43.01.036, the department must submit a report to the legislature
32 that includes a comprehensive review of the implementation of the
33 program to date, including but not limited to outcomes relative to
34 the state's emissions reduction limits, overburdened communities,
35 covered entities, and emissions-intensive, trade-exposed businesses.
36 The department must transmit the report to the environmental justice
37 council at the same time it is submitted to the legislature.

38 (6) The department must bring forth agency request legislation if
39 the department finds that any provision of this chapter prevents

1 linking Washington's cap and invest program with that of any other
2 jurisdiction.

3 **Sec. 12.** RCW 70A.65.200 and 2024 c 352 s 8 are each amended to
4 read as follows:

5 (1) All covered and opt-in entities are required to submit
6 compliance instruments in a timely manner to meet the entities'
7 compliance obligations and shall comply with all requirements for
8 monitoring, reporting, holding, and transferring emission allowances
9 and other provisions of this chapter.

10 (2) If a covered or opt-in entity does not submit sufficient
11 compliance instruments to meet its compliance obligation by the
12 specified transfer dates, a penalty of four allowances for every one
13 compliance instrument that is missing must be submitted to the
14 department within six months. When a covered entity or opt-in entity
15 reasonably believes that it will be unable to meet a compliance
16 obligation, the entity shall immediately notify the department. Upon
17 receiving notification, the department shall issue an order requiring
18 the entity to submit the penalty allowances.

19 (3) If a covered entity or opt-in entity fails to submit penalty
20 allowances as required by subsection (2) of this section, the
21 department must issue an order or issue a penalty of up to \$10,000
22 per day per violation, or both, for failure to submit penalty
23 allowances as required by subsection (2) of the section. The order
24 may include a plan and schedule for coming into compliance.

25 (4) The department may issue a penalty of up to \$50,000 per day
26 per violation for violations of RCW 70A.65.100(8) (a) through (e).

27 (5) Except as provided in subsections (3) and (4) of this
28 section, any person that violates the terms of this chapter or an
29 order issued under this chapter incurs a penalty of up to \$10,000 per
30 day per violation for each day that the person does not comply. All
31 penalties under subsections (3) and (4) of this section and this
32 subsection must be deposited into the climate ~~((investment))~~
33 commitment act operating account created in ~~((RCW 70A.65.250))~~
34 section 1 of this act.

35 (6) Orders and penalties issued under this chapter are appealable
36 to the pollution control hearings board under chapter 43.21B RCW.

37 (7) Until the department enters into a linkage agreement or until
38 the end of the first compliance period, whichever is sooner, the
39 department may reduce the amount of the penalty by adjusting the

1 monetary amount or the number of penalty allowances described in
2 subsections (2) and (3) of this section.

3 (8) An electric utility or natural gas utility must notify its
4 retail customers and the environmental justice council in published
5 form within three months of paying a monetary penalty under this
6 section.

7 (9)(a) No city, town, county, township, or other subdivision or
8 municipal corporation of the state may implement a charge or tax
9 based exclusively upon the quantity of greenhouse gas emissions.

10 (b) No state agency may adopt or enforce a greenhouse gas pricing
11 or market-based emissions cap and reduce program for stationary
12 sources, or adopt or enforce emission limitations on greenhouse gas
13 emissions from stationary sources except as:

14 (i) Provided in this chapter;

15 (ii) Authorized or directed by a state statute in effect as of
16 July 1, 2022; or

17 (iii) Required to implement a federal statute, rule, or program.

18 (c) This chapter preempts the provisions of chapter 173-442 WAC,
19 and the department shall repeal chapter 173-442 WAC.

20 (10)(a) By December 1, 2023, the office of financial management
21 must submit a report to the appropriate committees of the legislature
22 that summarizes two categories of state laws other than this chapter:

23 (i) Laws that regulate greenhouse gas emissions from stationary
24 sources, and the greenhouse gas emission reductions attributable to
25 each chapter, relative to a baseline in which this chapter and all
26 other state laws that regulate greenhouse gas emissions are presumed
27 to remain in effect; and

28 (ii) Laws whose implementation may effectuate reductions in
29 greenhouse gas emissions from stationary sources.

30 (b) The state laws that the office of financial management may
31 address in completing the report required in this subsection include,
32 but are not limited to:

33 (i) Chapter 19.27A RCW;

34 (ii) Chapter 19.280 RCW;

35 (iii) Chapter 19.405 RCW;

36 (iv) Chapter 36.165 RCW;

37 (v) Chapter 43.21F RCW;

38 (vi) Chapter 70.30 RCW;

39 (vii) Chapter 70A.15 RCW;

40 (viii) Chapter 70A.45 RCW;

- 1 (ix) Chapter 70A.60 RCW;
- 2 (x) Chapter 70A.535 RCW;
- 3 (xi) Chapter 80.04 RCW;
- 4 (xii) Chapter 80.28 RCW;
- 5 (xiii) Chapter 80.70 RCW;
- 6 (xiv) Chapter 80.80 RCW; and
- 7 (xv) Chapter 81.88 RCW.

8 (c) The office of financial management may contract for all or
9 part of the work product required under this subsection.

10 **Sec. 13.** RCW 70A.65.305 and 2024 c 375 s 8004 are each amended
11 to read as follows:

12 (1) Agencies that allocate funding or administer grant programs
13 appropriated from the climate (~~(investment)~~) commitment act operating
14 account created in ((RCW 70A.65.250,)) section 1 of this act and the
15 climate commitment act capital account created in (~~(RCW 70A.65.260,~~
16 ~~and the natural climate solutions account created in RCW 70A.65.270))~~
17 section 2 of this act must offer early, meaningful, and individual
18 consultation with any affected federally recognized tribe on all
19 funding decisions and funding programs that may impact tribal
20 resources, including tribal cultural resources, archaeological sites,
21 sacred sites, fisheries, or other rights and interests in tribal
22 lands and lands within which a tribe or tribes possess rights
23 reserved or protected by federal treaty, statute, or executive order.
24 The consultation is independent of, and in addition to, any public
25 participation process required by federal or state law, or by a
26 federal or state agency, including the requirements of Executive
27 Order 21-02 related to archaeological and cultural resources, and
28 regardless of whether the agency receives a request for consultation
29 from a federally recognized tribe. The goal of the consultation
30 process is to identify tribal resources or rights potentially
31 affected by the funding decisions and funding programs, assess their
32 effects, and seek ways to avoid, minimize, or mitigate any adverse
33 effects on tribal resources or rights.

34 (2) At the earliest possible date prior to submittal of an
35 application, applicants for funding from the accounts created in
36 (~~(RCW 70A.65.250, 70A.65.260, and 70A.65.270))~~ sections 1 and 2 of
37 this act shall engage in a preapplication process with all affected
38 federally recognized tribes within the project area. (~~(During the~~
39 ~~2023-2025 fiscal biennium, salmon habitat and climate resilience~~

1 ~~projects funded from the natural climate solutions account created in~~
2 ~~RCW 70A.65.270 that went through the application and prioritization~~
3 ~~process before July 1, 2023, are exempt from the preapplication~~
4 ~~requirements under this subsection.))~~

5 (a) The preapplication process must include the applicant
6 notifying the department of archaeology and historic preservation,
7 the department of fish and wildlife, and all affected federally
8 recognized tribes within the project area. The notification must
9 include geographical location, detailed scope of the proposed
10 project, preliminary application details available to federal, state,
11 or local governmental jurisdictions, and all publicly available
12 materials, including public funding sources.

13 (b) The applicant must also offer to discuss the project with the
14 department of archaeology and historic preservation, the department
15 of fish and wildlife, and all affected federally recognized tribes
16 within the project area. Discussions may include the project's impact
17 to tribal resources, including tribal cultural resources,
18 archaeological sites, sacred sites, fisheries, or other rights and
19 interests in tribal lands and lands within which a tribe or tribes
20 possess rights reserved or protected by federal treaty, statute, or
21 executive order.

22 (c) All affected federally recognized tribes may submit to the
23 appropriate agency or agencies a summary of tribal issues, questions,
24 concerns, or other statements regarding the project, which must
25 become part of the official application file. The summary does not
26 limit what issues affected federally recognized tribes may raise in
27 the consultation process identified in subsections (1), (3) through
28 (7), and (9) of this section.

29 (d) The notification and offer to initiate discussion must be
30 documented with the application when it is filed, and a copy of the
31 application must be delivered to the department of archaeology and
32 historic preservation, the department of fish and wildlife, and to
33 the affected federally recognized tribe or tribes. If the discussions
34 pursuant to (b) of this subsection do not occur, the applicant must
35 document the reason why the discussion or discussions did not occur.

36 (e) Nothing in this section may be interpreted to require the
37 disclosure of information that is exempt from disclosure pursuant to
38 RCW 42.56.300 or federal law, including section 304 of the national
39 historic preservation act of 1966. Any information that is exempt
40 from disclosure pursuant to RCW 42.56.300 or federal law, including

1 section 304 of the national historic preservation act of 1966, shall
2 not become part of the official application file.

3 (3) If any funding decision, program, project, or activity that
4 may impact tribal resources, including tribal cultural resources,
5 archaeological sites, sacred sites, fisheries, or other rights and
6 interests in tribal lands and lands within which a tribe or tribes
7 possess rights reserved by federal treaty, statute, or executive
8 order is funded from the accounts created in (~~RCW 70A.65.250,~~
9 ~~70A.65.260, and 70A.65.270~~) sections 1 and 2 of this act without
10 such a consultation with an affected federally recognized tribe, the
11 affected federally recognized tribe may request that all further
12 action on the decision, program, project, or activity cease until
13 meaningful consultation is completed. Upon receipt of such a request
14 by an agency or agencies with the authority to allocate funding or
15 administer grant programs from the accounts listed in subsection (1)
16 of this section in support of the proposed project, further action by
17 the agency or agencies on any decision, program, project, or activity
18 that would result in significant physical disturbance of the tribal
19 resource or resources described in this subsection must cease until
20 the consultation has been completed.

21 (4) Upon completion of agency and tribal consultation, an
22 affected federally recognized tribe may request a formal review of
23 the consultation by submitting a request to the governor's office of
24 Indian affairs and notifying the appropriate agencies and the
25 department of archaeology and historic preservation. The state
26 agencies and tribe must meet to initiate discussion within no more
27 than 20 days of the request. This consultation must be offered and
28 conducted separately with each affected federally recognized tribe,
29 unless the tribes agree to conduct a joint consultation with the
30 state.

31 (5) After the state agencies and tribe or tribes have conducted a
32 formal review under subsection (4) of this section, an affected
33 federally recognized tribe or state agency may request that the
34 governor and an elected tribal leader or leaders of a federally
35 recognized tribal government meet to formally consider the
36 recommendations from the parties. If requested, this meeting must
37 occur within 30 days of the request, except that a federally
38 recognized tribe may choose to opt out of the meeting. This timeline
39 may be extended by mutual agreement between the governor and the
40 tribal leaders.

1 (6) After the meeting identified in subsection (5) of this
2 section has occurred, the governor or an elected tribal leader of a
3 federally recognized tribe may call for the state and tribe or tribes
4 to enter into formal mediation, except that a federally recognized
5 tribe may choose to opt out of the mediation. If entered into, the
6 mediation must be conducted as a government-to-government proceeding,
7 with each sovereign government retaining their right to a final
8 decision that meets their separate obligations and interests.
9 Mediators must be jointly selected by the parties to the mediation.
10 An agreement between the governor and a tribal leader or leaders
11 resulting from the mediation is formally recognized and binding on
12 the signatory parties. Absent an agreement, participation in
13 mediation does not preclude any additional steps that any party can
14 initiate, including legal review, to resolve a continuing
15 disagreement.

16 (7) During the proceedings outlined in subsections (4) through
17 (6) of this section, the agency or agencies with the authority to
18 allocate funding or administer grant programs from the accounts
19 listed in subsection (1) of this section in support of the proposed
20 project may not approve or release funding, or make other formal
21 decisions, including permitting, that advance the proposed project
22 except where required by law.

23 (8) By June 30, 2023, the governor's office of Indian affairs, in
24 coordination with the department of archaeology and historic
25 preservation and federally recognized tribes, shall develop a state
26 agency tribal consultation process, including best practices for
27 early, meaningful, and effective consultation, early notification and
28 engagement by applicants with federally recognized tribes as a part
29 of the preapplication process in subsection (2) of this section, and
30 protocols for communication and collaboration with federally
31 recognized tribes. The consultation process developed under this
32 section must be periodically reviewed and updated in coordination
33 with federally recognized tribes. The governor's office of Indian
34 affairs must provide training and other technical assistance to state
35 agencies, as they implement the required consultation.
36 Notwithstanding the governor's office of Indian affairs' ongoing work
37 pursuant to this subsection, the provisions of subsections (1)
38 through (7) and (9) of this section become effective as of June 9,
39 2022.

1 (9) The requirements of this section apply to local governments
2 that receive funding from the accounts created in (~~RCW 70A.65.250,~~
3 ~~70A.65.260, and 70A.65.270~~) sections 1 and 2 of this act, where that
4 funding is disbursed to project and program applicants. Where
5 requested, the governor's office of Indian affairs must provide
6 training and other technical assistance to local government agencies
7 as they implement the consultation requirements of this section.

8 (10) Any agency subject to or implementing this section may adopt
9 rules in furtherance of its duties under this section.

10 (11) Subject to the availability of amounts appropriated for this
11 specific purpose, the department must establish a tribal capacity
12 grant program to provide funding to federally recognized tribes for
13 the costs of implementing this section.

14 **Sec. 14.** RCW 76.04.196 and 2025 c 93 s 2 are each amended to
15 read as follows:

16 (1) Subject to the availability of amounts appropriated for this
17 specific purpose, the office of risk management shall, in
18 consultation with the department, establish a prescribed fire claims
19 fund pilot program for the purposes of:

20 (a) Supporting coverage for losses from prescribed fires and
21 cultural burning on department protected lands and on tribal lands
22 where an agreement exists between the Indian tribe and the department
23 or where approved by the Indian tribe. The fund would not be utilized
24 when prescribed fires or cultural burning have federal tort claims
25 act coverage under a federally recognized burn plan; and

26 (b) Supporting nonstate and nonfederal entities that are alleged
27 to have caused damages resulting from appropriately conducted
28 prescribed fires or cultural burning on department protected lands
29 and tribal lands as described in (a) of this subsection.

30 (2) To be eligible for reimbursement under this section, a claim
31 must meet the criteria in (a) and (b) of this subsection.

32 (a) The claim results from a prescribed fire or cultural burn
33 conducted on department protected lands and tribal lands as described
34 in subsection (1)(a) of this section:

35 (i) By a certified burn manager, under an approved burn plan,
36 with applicable permits and in accordance with any other applicable
37 conditions or requirements as determined by the department; or

38 (ii) By a cultural fire practitioner, in accordance with any
39 applicable burn plan or permit.

1 (b) The claim is for:

2 (i) Property or economic damage, as described under RCW
3 76.04.760(3) (a), (c), and (d), suffered by the claimant as a result
4 of the prescribed fire or cultural burn;

5 (ii) Reasonable costs authorized for reimbursement by the
6 department under RCW 76.04.475, related to the prescribed fire or
7 cultural burn; or

8 (iii) Costs of suppression of an escapement for which a person is
9 liable to a third party.

10 (c) A claim for damage suffered as a result of a prescribed fire
11 or cultural burn started, spread, or otherwise caused by a criminal
12 or negligent act is not eligible for reimbursement under this
13 section.

14 (3) Upon submission of a claim, the department shall determine
15 and certify to the office of risk management whether the claim meets
16 the criteria in subsection (2) of this section.

17 (4) The office of risk management may reimburse an eligible claim
18 in an amount equal to or less than the actual losses suffered by the
19 claimant, not to exceed \$2,000,000 per claim. The payment of a claim
20 under this section is conditional on the availability of specific
21 funding for this purpose, and nothing in this section shall be
22 construed to create an entitlement to reimbursement or payment of any
23 claim. The total amount paid for claims may not exceed the amounts
24 available in the account established in subsection (7) of this
25 section.

26 (5)(a) The office of risk management shall collaborate with the
27 department, other relevant state agencies, the Washington prescribed
28 fire council, cultural fire practitioners, and certified burn
29 managers to establish guidelines governing the pilot program and the
30 administration of the account established in subsection (7) of this
31 section, including:

32 (i) Procedures for the submission of claims;

33 (ii) Any additional criteria for claim eligibility, as
34 appropriate; and

35 (iii) A methodology or structure for how the payment of claims
36 will be prioritized in the event that eligible claims exceed the
37 amounts available in the account established in subsection (7) of
38 this section.

39 (b) The office of risk management and the department may adopt
40 rules to implement this section.

1 (c) Guidelines and any rules adopted under this section must be
2 made publicly available on the websites of the office of risk
3 management and the department.

4 (6) This section does not limit the ability of a person to assert
5 a claim for damages arising from a prescribed fire under any other
6 law. A court shall offset any award of damages to a claimant under an
7 action arising from the same set of alleged facts by the amount of
8 reimbursement provided under this section.

9 (7) (a) The prescribed fire claims account is created in the state
10 treasury. Moneys in the account may be spent only after
11 appropriation. Expenditures from the account may only be used for the
12 reimbursement of claims under this section.

13 (b) Upon the expiration of this section, any remaining amounts in
14 the account must be deposited in the ((~~natural climate solutions~~))
15 climate commitment act capital account created in section 2 of this
16 act.

17 (8) For the purposes of this section:

18 (a) "Certified burn manager" means a prescribed burn manager
19 certified under RCW 76.04.183 or a prescribed fire burn boss
20 certified under the national wildfire coordinating group standards.

21 (b) "Cultural fire practitioner" means a person approved by an
22 Indian tribe as having experience in burning to meet cultural goals
23 or objectives, including subsistence, ceremonial activities,
24 biodiversity, or other benefits.

25 (c) "Department protected lands" has the same meaning as in RCW
26 76.04.005.

27 (d) "Indian tribe" has the same meaning as in RCW 43.376.010.

28 (9) This section expires June 30, 2033.

29 **Sec. 15.** RCW 76.13.120 and 2024 c 158 s 1 are each amended to
30 read as follows:

31 (1) The legislature finds that the state should acquire easements
32 primarily along riparian and other sensitive aquatic areas from
33 qualifying small forestland owners willing to sell or donate
34 easements to the state provided that the state will not be required
35 to acquire the easements if they are subject to unacceptable
36 liabilities. Therefore the legislature establishes a forestry
37 riparian easement program.

1 (2) The definitions in this subsection apply throughout this
2 section and RCW 76.13.100, 76.13.110, 76.13.140, and 76.13.160 unless
3 the context clearly requires otherwise.

4 (a) "Forestry riparian easement" means an easement covering
5 qualifying timber granted voluntarily to the state by a qualifying
6 small forestland owner.

7 (b) "Qualifying small forestland owner" means a landowner meeting
8 all of the following characteristics as of the date the department
9 offers compensation for a forestry riparian easement:

10 (i) Is a small forestland owner as defined in (d) of this
11 subsection; and

12 (ii) Is an individual, partnership, corporation, or other
13 nongovernmental for-profit legal entity.

14 (c) "Qualifying timber" means those forest trees on land owned by
15 a qualifying small forestland owner for which the small forestland
16 owner is willing to grant the state a forestry riparian easement and
17 meets all of the following:

18 (i) The forest trees are covered by a forest practices
19 application that the small forestland owner is required to leave
20 unharvested under the rules adopted under RCW 76.09.040, 76.09.055,
21 and 76.09.370 or that is made uneconomic to harvest by those rules;

22 (ii) The forest trees are within or bordering a commercially
23 reasonable harvest unit as determined under rules adopted by the
24 forest practices board, or for which an approved forest practices
25 application for timber harvest cannot be obtained because of
26 restrictions under the forest practices rules;

27 (iii) The forest trees are located within, or affected by forest
28 practices rules pertaining to any one, or all, of the following:

29 (A) Riparian or other sensitive aquatic areas;

30 (B) Channel migration zones; or

31 (C) Areas of potentially unstable slopes or landforms, verified
32 by the department, and must meet all of the following:

33 (I) Are addressed in a forest practices application;

34 (II) Are adjacent to a commercially reasonable harvest area; and

35 (III) Have the potential to deliver sediment or debris to a
36 public resource or threaten public safety.

37 (d) "Small forestland owner" means a landowner meeting all of the
38 following characteristics:

39 (i) A forestland owner as defined in RCW 76.09.020 whose interest
40 in the land and timber is in fee or who has rights to the timber to

1 be included in the forestry riparian easement that extend at least 40
2 years from the date the completed forestry riparian easement
3 application associated with the easement is submitted;

4 (ii) An entity that has harvested from its own lands in this
5 state during the three years prior to the year of application an
6 average timber volume that would qualify the owner as a small
7 harvester under RCW 84.33.035; and

8 (iii) An entity that certifies at the time of application that it
9 does not expect to harvest from its own lands more than the volume
10 allowed by RCW 84.33.035 during the 10 years following application.
11 If a landowner's prior three-year average harvest exceeds the limit
12 of RCW 84.33.035, or the landowner expects to exceed this limit
13 during the 10 years following application, and that landowner
14 establishes to the department's reasonable satisfaction that the
15 harvest limits were or will be exceeded to raise funds to pay estate
16 taxes or equally compelling and unexpected obligations such as court-
17 ordered judgments or extraordinary medical expenses, the landowner
18 shall be deemed to be a small forestland owner. For purposes of
19 determining whether a person qualifies as a small forestland owner,
20 the small forestland owner office, created in RCW 76.13.110, shall
21 evaluate the landowner under this definition, pursuant to RCW
22 76.13.160, as of the date that the forest practices application is
23 submitted and the date that the department offers compensation for
24 the forestry riparian easement. A small forestland owner can include
25 an individual, partnership, corporation, or other nongovernmental
26 legal entity. If a landowner grants timber rights to another entity
27 for less than five years, the landowner may still qualify as a small
28 forestland owner under this section. If a landowner is unable to
29 obtain an approved forest practices application for timber harvest
30 for any of his or her land because of restrictions under the forest
31 practices rules, the landowner may still qualify as a small
32 forestland owner under this section.

33 (e) "Completion of harvest" means that the trees have been
34 commercially harvested from an area and that further entry into that
35 area by mechanized logging or slash treating equipment is not
36 expected.

37 (3) Nothing in the eligibility limit identified in subsection
38 (2)(c)(i) through (iii) of this section precludes inclusion of land
39 in future mitigation programs.

1 (4) The department is authorized and directed to accept and hold
2 in the name of the state of Washington forestry riparian easements
3 granted by qualifying small forestland owners covering qualifying
4 timber and to pay compensation to the landowners in accordance with
5 this section. The department may not transfer the easements to any
6 entity other than another state agency.

7 (5) Forestry riparian easements shall be effective for 40 years
8 from the date of the completed forestry riparian easement
9 application, unless the easement is voluntarily terminated earlier by
10 the department, based on a determination that termination is in the
11 best interest of the state, or under the terms of a termination
12 clause in the easement.

13 (6) Forestry riparian easements shall be restrictive of the
14 timber only, and shall preserve all lawful uses of the easement
15 premises by the landowner that are consistent with the terms of the
16 easement and the requirement to protect riparian functions during the
17 term of the easement, subject to the restriction that the leave trees
18 required by the rules to be left on the easement premises may not be
19 cut during the term of the easement. No right of public access to or
20 across, or any public use of the easement premises is created by this
21 statute or by the easement. Forestry riparian easements shall not be
22 deemed to trigger the compensating tax of or otherwise disqualify
23 land from being taxed under chapter 84.33 or 84.34 RCW.

24 (7) The small forestland owner office shall determine what
25 constitutes a completed application for a forestry riparian easement.
26 An application shall, at a minimum, include documentation of the
27 owner's status as a qualifying small forestland owner, identification
28 of location and the types of qualifying timber, and notification of
29 completion of harvest, if applicable.

30 (8) Upon receipt of the qualifying small forestland owner's
31 forestry riparian easement application, and subject to the
32 availability of amounts appropriated for this specific purpose, the
33 following must occur:

34 (a) The small forestland owner office must determine the
35 compensation to be offered to the qualifying small forestland owner
36 for qualifying timber after the department accepts the completed
37 forestry riparian easement application and the landowner has
38 completed marking the boundary of the area containing the qualifying
39 timber. The legislature recognizes that there is not readily
40 available market transaction evidence of value for easements of the

1 nature required by this section, and thus establishes the methodology
2 provided in this subsection to ascertain the value for forestry
3 riparian easements. Values so determined may not be considered
4 competent evidence of value for any other purpose.

5 (b) The small forestland owner office, subject to the
6 availability of amounts appropriated for this specific purpose, is
7 responsible for assessing the volume of qualifying timber. However,
8 no more than 50 percent of the total amounts appropriated for the
9 forestry riparian easement program may be applied to determine the
10 volume of qualifying timber for completed forestry riparian easement
11 applications. Based on the volume established by the small forestland
12 owner office and using data obtained or maintained by the department
13 of revenue under RCW 84.33.074 and 84.33.091, the small forestland
14 owner office shall attempt to determine the fair market value of the
15 qualifying timber as of the date of the completed harvest. To the
16 extent reasonably possible, the forestry riparian easement
17 applications should be processed in the order received. Removal of
18 any qualifying timber before the expiration of the easement must be
19 in accordance with the forest practices rules and the terms of the
20 easement. There shall be no reduction in compensation for reentry.

21 (9)(a) Subject to the availability of amounts appropriated for
22 this specific purpose, the small forestland owner office shall offer
23 compensation for qualifying timber to the qualifying small forestland
24 owner in the amount of 90 percent of the value determined by the
25 small forestland owner office, plus the compliance and reimbursement
26 costs as determined in accordance with RCW 76.13.140. However,
27 compensation for any qualifying small forestland owner for qualifying
28 timber located on potentially unstable slopes or landforms may not
29 exceed a total of \$150,000 during any biennial funding period.

30 (b) If the landowner accepts the offer for qualifying timber, the
31 department shall pay the compensation promptly upon:

32 (i) Completion of harvest in the area within a commercially
33 reasonable harvest unit with which the forestry riparian easement is
34 associated under an approved forest practices application, unless an
35 approved forest practices application for timber harvest cannot be
36 obtained because of restrictions under the forest practices rules;

37 (ii) Verification that the landowner has no outstanding
38 violations under chapter 76.09 RCW or any associated rules; and

39 (iii) Execution and delivery of the easement to the department.

1 (c) Upon donation or payment of compensation, the department may
2 record the easement.

3 (10)(a) The forest practices board shall adopt rules under the
4 administrative procedure act, chapter 34.05 RCW, to implement the
5 forestry riparian easement program, including the following:

6 (i) A standard version of a forestry riparian easement
7 application as well as all additional documents necessary or
8 advisable to create the forestry riparian easements as provided for
9 in this section;

10 (ii) Standards for descriptions of the easement premises with a
11 degree of precision that is reasonable in relation to the values
12 involved;

13 (iii) Methods and standards for cruises and valuation of forestry
14 riparian easements for purposes of establishing the compensation. The
15 department shall perform the timber cruises of forestry riparian
16 easements required under this chapter and chapter 76.09 RCW. Timber
17 cruises are subject to amounts appropriated for this purpose.
18 However, no more than 50 percent of the total appropriated funding
19 for the forestry riparian easement program may be applied to
20 determine the volume of qualifying timber for completed forestry
21 riparian easement applications. Any rules concerning the methods and
22 standards for valuations of forestry riparian easements shall apply
23 only to the department, qualifying small forestland owners, and the
24 small forestland owner office;

25 (iv) A method to determine that a forest practices application
26 involves a commercially reasonable harvest, and adopt criteria for
27 entering into a forestry riparian easement where a commercially
28 reasonable harvest is not possible or a forest practices application
29 that has been submitted cannot be approved because of restrictions
30 under the forest practices rules;

31 (v) A method to address blowdown of qualified timber falling
32 outside the easement premises;

33 (vi) A formula for sharing of proceeds in relation to the
34 acquisition of qualified timber covered by an easement through the
35 exercise or threats of eminent domain by a federal or state agency
36 with eminent domain authority, based on the present value of the
37 department's and the landowner's relative interests in the qualified
38 timber;

1 (vii) A method to determine timber that is qualifying timber
2 because it is rendered uneconomic to harvest by the rules adopted
3 under RCW 76.09.055 and 76.09.370;

4 (viii) A method for internal department review of small
5 forestland owner office compensation decisions under this section;
6 and

7 (ix) Consistent with RCW 76.13.180, a method to collect
8 reimbursement from landowners who received compensation for a
9 forestry riparian easement and who, within the first 10 years after
10 receipt of compensation for a forestry riparian easement, sells the
11 land on which an easement is located to a nonqualifying landowner.

12 (b) At least semiannually, the department shall consult with the
13 small forestland owner advisory committee established in RCW
14 76.13.110(4) to review landowner complaints, administrative
15 processes, rule recommendations, and related issues where the
16 department is actively seeking the small forestland owner advisory
17 committee's advice on potential improved efficiencies and
18 effectiveness.

19 (11) The legislature finds that the overall societal benefits of
20 economically viable working forests are multiple, and include the
21 protection of clean, cold water, the provision of wildlife habitat,
22 the sheltering of cultural resources from development, and the
23 natural carbon storage potential of growing trees. As such, working
24 forests and the forestry riparian easement program may be part of the
25 state's overall carbon sequestration strategy. If the state creates a
26 climate strategy, the department must share information regarding the
27 carbon sequestration benefits of the forestry riparian easement
28 program with other state programs using methods and protocols
29 established in the state climate strategy that attempt to quantify
30 carbon storage or account for carbon emissions. The department must
31 promote the expansion of funding for the forestry riparian easement
32 program and the ecosystem services supported by the program based on
33 the findings stated in RCW 76.13.100. Nothing in this subsection
34 allows a landowner to be reimbursed by the state more than once for
35 the same forest riparian easement application.

36 (12) It is the intent of the legislature that the small
37 forestland owner office complete forestry riparian easement program
38 application transactions within two years of the application receipt
39 consistent with the goals of (~~RCW 70A.65.270(2)(b)(iii)~~) section
40 2(1)(n)(iii) of this act.

1 NEW SECTION. **Sec. 16.** The following acts or parts of acts are
2 each repealed:

3 (1) RCW 70A.65.250 (Climate investment account) and 2025 c 424 s
4 973 & 2024 c 376 s 911;

5 (2) RCW 70A.65.260 (Climate commitment account) and 2025 c 424 s
6 974, 2023 c 475 s 939, 2022 c 179 s 17, & 2021 c 316 s 29; and

7 (3) RCW 70A.65.270 (Natural climate solutions account) and 2021 c
8 316 s 30.

9 NEW SECTION. **Sec. 17.** This act takes effect July 1, 2027.

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