

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5036**

69th Legislature  
2025 Regular Session

Passed by the Senate April 17, 2025  
Yeas 30 Nays 19

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**President of the Senate**

Passed by the House April 10, 2025  
Yeas 95 Nays 0

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**Speaker of the House of  
Representatives**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5036** as passed by the Senate and the House of Representatives on the dates hereon set forth.

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**Secretary**

FILED

**Secretary of State  
State of Washington**

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**SENATE BILL 5036**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2025 Regular Session

**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Senators Boehnke, Chapman, Dozier, Fortunato, Harris, Hasegawa, Short, and Wellman

Prefiled 12/13/24. Read first time 01/13/25. Referred to Committee on Environment, Energy & Technology.

1 AN ACT Relating to strengthening Washington's leadership and  
2 accountability on climate policy by transitioning to annual reporting  
3 of statewide emissions data; amending RCW 70A.45.005 and 70A.65.130;  
4 and reenacting and amending RCW 70A.45.020.

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

6 **Sec. 1.** RCW 70A.45.005 and 2021 c 316 s 44 are each amended to  
7 read as follows:

8 (1) The legislature finds that Washington has long been a  
9 national and international leader on energy conservation and  
10 environmental stewardship, including air quality protection,  
11 renewable energy development and generation, emission standards for  
12 fossil-fuel based energy generation, energy efficiency programs,  
13 natural resource conservation, sustainable forestry and the  
14 production of forest products, vehicle emission standards, and the  
15 use of biofuels. Washington is also unique among most states in that  
16 in addition to its commitment to reduce emissions of greenhouse  
17 gases, it has established goals to grow the clean energy sector and  
18 reduce the state's expenditures on imported fuels.

19 (2) The legislature further finds that Washington should continue  
20 its leadership on climate change policy by creating accountability  
21 for achieving the emission reductions established in RCW 70A.45.020,

1 participating in the design of a regional multisector market-based  
2 system to help achieve those emission reductions, assessing other  
3 market strategies to reduce emissions of greenhouse gases,  
4 maintaining and enhancing the state's ability to continue to  
5 sequester carbon through natural and working lands and forest  
6 products, and ensuring the state has a well-trained workforce for our  
7 clean energy future. The consistent tracking and annual reporting of  
8 statewide emissions in a greenhouse gas inventory as required under  
9 RCW 70A.45.020 is an important responsibility that allows the  
10 legislature to determine whether state emissions are on a trajectory  
11 to achieve statutory emissions reduction limits, or whether new or  
12 amended policy interventions are necessary to achieve those limits.

13 (3) It is the intent of the legislature that the state will: (a)  
14 Limit and reduce emissions of greenhouse gas consistent with the  
15 emission reductions established in RCW 70A.45.020; (b) minimize the  
16 potential to export pollution, jobs, and economic opportunities; (c)  
17 support industry sectors that can act as sequesterers of carbon; and  
18 (d) reduce emissions at the lowest cost to Washington's economy,  
19 consumers, and businesses.

20 (4) In the event the state elects to participate in a regional  
21 multisector market-based system, it is the intent of the legislature  
22 that the system will become effective by January 1, 2012, after  
23 authority is provided to the department for its implementation. By  
24 acting now, Washington businesses and citizens will have adequate  
25 time and opportunities to be well positioned to take advantage of the  
26 low carbon economy and to make necessary investments in low carbon  
27 technology.

28 (5) It is also the intent of the legislature that the regional  
29 multisector market-based system recognize Washington's unique  
30 emissions and sequestration portfolio, including the:

31 (a) State's hydroelectric system;

32 (b) Opportunities presented by Washington's abundant forest  
33 resources and the associated forest products industry, along with  
34 aquatic and agriculture land and the associated industries; and

35 (c) State's leadership in energy efficiency and the actions it  
36 has already taken that have reduced its generation of greenhouse gas  
37 emissions and that entities receive appropriate credit for early  
38 actions to reduce greenhouse gases.

39 (6) If any revenues, excluding those from state trust lands, that  
40 accrue to the state are created by a market system, they must be used

1 for the purposes established in chapter 70A.65 RCW and to further the  
2 state's efforts to achieve the goals established in RCW 70A.45.020,  
3 address the impacts of global warming on affected habitats, species,  
4 and communities, promote and invest in industry sectors that act as  
5 sequesterers of carbon, and increase investment in the clean energy  
6 economy particularly for communities and workers that have suffered  
7 from heavy job losses and chronic unemployment and underemployment.

8 **Sec. 2.** RCW 70A.45.020 and 2020 c 79 s 2, 2020 c 32 s 4, and  
9 2020 c 20 s 1398 are each reenacted and amended to read as follows:

10 (1)(a) The state shall limit anthropogenic emissions of  
11 greenhouse gases to achieve the following emission reductions for  
12 Washington state:

13 (i) By 2020, reduce overall emissions of greenhouse gases in the  
14 state to 1990 levels, or (~~ninety million five hundred thousand~~)  
15 90,500,000 metric tons;

16 (ii) By 2030, reduce overall emissions of greenhouse gases in the  
17 state to (~~fifty million~~) 50,000,000 metric tons, or (~~forty-five~~)  
18 45 percent below 1990 levels;

19 (iii) By 2040, reduce overall emissions of greenhouse gases in  
20 the state to (~~twenty-seven million~~) 27,000,000 metric tons, or  
21 (~~seventy~~) 70 percent below 1990 levels;

22 (iv) By 2050, reduce overall emissions of greenhouse gases in the  
23 state to (~~five million~~) 5,000,000 metric tons, or (~~ninety-five~~)  
24 95 percent below 1990 levels.

25 (b) By December 1, 2008, the department shall submit a greenhouse  
26 gas reduction plan for review and approval to the legislature,  
27 describing those actions necessary to achieve the emission reductions  
28 in (a) of this subsection by using existing statutory authority and  
29 any additional authority granted by the legislature. Actions taken  
30 using existing statutory authority may proceed prior to approval of  
31 the greenhouse gas reduction plan.

32 (c) In addition to the emissions limits specified in (a) of this  
33 subsection, the state shall also achieve net zero greenhouse gas  
34 emissions by 2050. Except where explicitly stated otherwise, nothing  
35 in chapter 14, Laws of 2008 limits any state agency authorities as  
36 they existed prior to June 12, 2008.

37 (d) Consistent with this directive, the department shall take the  
38 following actions:

1 (i) Develop and implement a system for monitoring and reporting  
2 emissions of greenhouse gases as required under RCW 70A.15.2200; and

3 (ii) Track progress toward meeting the emission reductions  
4 established in this subsection, including the results from policies  
5 currently in effect that have been previously adopted by the state  
6 and policies adopted in the future, and report on that progress.  
7 Progress reporting should include statewide emissions as well as  
8 emissions from key sectors of the economy including, but not limited  
9 to, electricity, transportation, buildings, manufacturing, and  
10 agriculture.

11 (e) Nothing in this section creates any new or additional  
12 regulatory authority for any state agency as they existed prior to  
13 January 1, 2019.

14 (2) (~~By December 31st of each even-numbered year beginning in~~  
15 ~~2010, the~~) (a) The department and the department of commerce shall  
16 post and maintain on the department's website and report to the  
17 governor and the appropriate committees of the senate and house of  
18 representatives the total emissions of greenhouse gases for the  
19 ((preceding)) most recent two years for which such data are  
20 available, and totals in each major source sector, including  
21 emissions associated with leaked gas identified by the utilities and  
22 transportation commission under RCW 81.88.160. The report must  
23 include greenhouse gas emissions from wildfires, developed in  
24 consultation with the department of natural resources. The department  
25 shall ensure the reporting rules adopted under RCW 70A.15.2200 allow  
26 it to develop a comprehensive inventory of emissions of greenhouse  
27 gases from all significant sectors of the Washington economy. The  
28 report required under this section must be completed by December 31st  
29 of each even-numbered year through 2030, and must be completed by  
30 December 31st of each year beginning December 31, 2031.

31 (b) In addition to the report required in (a) of this subsection,  
32 by December 31, 2027, and December 31, 2029, the department and the  
33 department of commerce shall post and maintain on the department's  
34 website and provide notification to the governor and the appropriate  
35 committees of the senate and the house of representatives summarizing  
36 the total emissions of greenhouse gases for the most recent year for  
37 which such data is available, and totals in each major source sector  
38 reported as required under (a) of this subsection.

39 (3) Except for purposes of reporting, emissions of carbon dioxide  
40 from industrial combustion of biomass in the form of fuel wood, wood

1 waste, wood by-products, and wood residuals shall not be considered a  
2 greenhouse gas as long as the region's silvicultural sequestration  
3 capacity is maintained or increased.

4 **Sec. 3.** RCW 70A.65.130 and 2021 c 316 s 15 are each amended to  
5 read as follows:

6 (1) For the benefit of ratepayers, allowances must be allocated  
7 at no cost to covered entities that are natural gas utilities.

8 (a) By October 1, 2022, the department shall adopt rules, in  
9 consultation with the utilities and transportation commission,  
10 establishing the methods and procedures for allocating allowances to  
11 natural gas utilities. Rules adopted under this subsection must allow  
12 for a natural gas utility to be provided allowances at no cost to  
13 cover their emissions and decline proportionally with the cap,  
14 consistent with RCW 70A.65.070. Allowances allocated at no cost to  
15 natural gas utilities must be consigned to auction for the benefit of  
16 ratepayers consistent with subsection (2) of this section, deposited  
17 for compliance, or a combination of both. The rules adopted by the  
18 department pursuant to this section must include provisions directing  
19 revenues generated under this subsection to the applicable utilities.

20 (b) By October 1, 2022, the department shall adopt an allocation  
21 schedule by rule, in consultation with the utilities and  
22 transportation commission, for the first two compliance periods for  
23 the provision of allowances for the benefit of ratepayers at no cost  
24 to natural gas utilities.

25 (c) By October 1, 2028, the department shall adopt an allocation  
26 schedule by rule, in consultation with the utilities and  
27 transportation commission, for the provision of allowances for the  
28 benefit of ratepayers at no cost to natural gas utilities for the  
29 compliance periods contained within calendar years 2031 through 2040.

30 (2)(a) Beginning in 2023, 65 percent of the no cost allowances  
31 must be consigned to auction for the benefit of customers, including  
32 at a minimum eliminating any additional cost burden to low-income  
33 customers from the implementation of this chapter. Rules adopted  
34 under this subsection must increase the percentage of allowances  
35 consigned to auction by five percent each year until a total of 100  
36 percent is reached.

37 (b) Revenues from allowances sold at auction must be returned by  
38 providing nonvolumetric credits on ratepayer utility bills,  
39 prioritizing low-income customers, or used to minimize cost impacts

1 on low-income, residential, and small business customers through  
2 actions that include, but are not limited to, weatherization,  
3 decarbonization, conservation and efficiency services, and bill  
4 assistance. The customer benefits provided from allowances consigned  
5 to auction under this section must be in addition to existing  
6 requirements in statute, rule, or other legal requirements.

7 (c) Except for low-income customers, the customer bill credits  
8 under this subsection are reserved exclusively for customers at  
9 locations connected to a natural gas utility's system on July 25,  
10 2021. Bill credits may not be provided to customers of the gas  
11 utility at a location connected to the system after July 25, 2021.

12 (3) In order to qualify for no cost allowances, covered entities  
13 that are natural gas utilities must provide copies of their  
14 greenhouse gas emissions reports filed with the United States  
15 environmental protection agency under 40 C.F.R. Part 98 subpart NN -  
16 suppliers of natural gas and natural gas liquids for calendar years  
17 2015 through 2021 to the department on or before March 31, 2022. The  
18 copies of the reports must be provided in electronic form to the  
19 department, in a manner prescribed by the department. The reports  
20 must be complete and contain all information required by 40 C.F.R.  
21 Sec. 98.406 including, but not limited to, information on large end  
22 users served by the natural gas utility. For any year where a natural  
23 gas utility was not required to file this report with the United  
24 States environmental protection agency, a report may be submitted in  
25 a manner prescribed by the department containing all of the  
26 information required in the subpart NN report.

27 (4) To (~~continue receiving~~) receive no cost allowances, a  
28 natural gas utility must provide to the department (~~the United~~  
29 ~~States environmental protection agency subpart NN greenhouse gas~~  
30 ~~emissions report for each reporting year in the manner and by the~~  
31 ~~dates provided~~) an annual greenhouse gas emissions report as  
32 required by RCW 70A.15.2200(5) (~~as part of the greenhouse gas~~  
33 ~~reporting requirements of this chapter~~).

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