

Legislative Proposal Request Form

Title

Carbon Pollution Accountability Act of 2015 (HB 1314)

Sponsor(s)

As Environmental and Sustainability Programs/ WWU Students for Renewable Energy

Describe the issue

Around the globe, carbon pollution has led to the highest concentrations of greenhouse gases the earth has experienced in more than 800,000 years. Largely unregulated for decades, the release of carbon dioxide and other pollution from power plants, vehicles and industries has boosted global temperatures, led to the acidification of oceans, changed global weather patterns, and increased flooding and forest fires. In Washington, carbon pollution is harming our economy and our communities:

- Declining snowpack is stressing water supplies, affecting water users from apple growers to hydropower operators. In places such as Yakima, hundreds of millions of dollars are being invested to expand water storage capacity.
- Coastal waters are acidifying due to the absorption of CO₂, threatening shellfish and our state's \$120 million annual seafood economy.
- The highest asthma rates for children are in areas where carbon pollution from vehicles is at the greatest concentration, such as Seattle's South Park neighborhood.
- The warmer temperatures forecasted for the Northwest will lead to elevated ozone levels, which, in some locales, may double the number of deaths by cardiovascular disease and lung cancer.

Climate change is an issue as polluters make huge profits by externalizing carbon pollution, which generally affects minority populations disproportionately. Climate change displaces low income countries and communities, disrupts food systems, and increasingly limits access to clean water, and so on. The effects are ones that impact everyone.

There is also an issue in the state when it comes to securing funding for higher education. Trends show a clear state divestment in higher education where students suffer from greater financial burden and dramatic tuition increases. As the cost of higher education increases, many students are unable to pursue postsecondary education or do so but graduate with increasing amounts of debt that haunt them for many years. New sources of dedicated revenue, such as the Carbon Pollution Accountability Act, to help expand access to higher education are critical to students at WWU and the economy of the state of Washington as a whole.

Why should Western work on it?

The proposal will provide a new source of revenue that can be used to fund higher education and other state budget priorities that traditionally compete with higher education for limited funding. Additionally, the proposal has been designed to minimize the impacts on low income families by establishing a working family's tax rebate and by targeting primary large polluters and not individuals/families.

In addition to providing revenue for higher education, the bill will fund needed public services such as basic education and public transportation. These are issues that Western supports currently.

What is the solution?

The proposal creates a means of internalizing the costs of carbon pollution to the industries making a profit, rather than the communities that are currently affected by it all over the world. The proposal uses the money raised from that process to fund education, transportation and other important state programs.

What are you advocating for?

We are advocating that HB 1314/SB 5283, or Carbon Pollution Accountability Act of 2015, be passed.

The proposal would create a carbon pollution market program implemented by the Department of Ecology beginning July 2016. The program must distribute, by auction, tradable Greenhouse Gas (GHG) allowances to persons covered by the program. The Department of Ecology (Ecology) must set a budget of total auctioned GHG allowances for the program at such a level that the state achieves the GHG limits established in state law. Ecology is directed to seek to link the state's program to similar market-based carbon programs in other jurisdictions, but is not required to utilize this authority to link with other programs. Revenues generated by the auctioning of allowances under the program are to be used for transportation projects and distributed to the State General Fund, among other uses.

Governor Inslee's Carbon Pollution Accountability Act requires, for the first time, major polluters to pay for their carbon pollution. It creates a program to cut emissions to make Washington healthier and to incentivize Washington's innovative businesses to meet the needs of the growing clean energy economy. Through this act, Washington will set an annual limit on the total amount of carbon pollution that emitters may release into the air. Major polluters will need to purchase "allowances" for the pollution they emit. Each year, the number of available allowances will decline to ensure emissions are gradually reduced. This provides emitters the time to adjust and make a choice about how to manage their business. They can either invest in cleaner technology and improve their operation efficiency or simply pay for allowances whose cost will grow over time. Revenues generated by the Carbon Pollution Accountability Act will be re-invested by the state to promote further emissions reductions, expand transit, support education, address potential regressive effects on low-income communities and support Washington companies that may be at a disadvantage against competitors in regions where no such policy exists.

Uses of revenue from the proposal:

The Carbon Pollution Reduction Account is created, and receives receipts from the auction of GHG allowances. Account funds are distributed to the State General Fund and other specific accounts to pay for the purposes described below (not an exhaustive list). A large portion of the program will serve as a source of new and dedicated revenue to fund K-12 education and improve access to higher education across the state:

- Forty percent of Account monies, plus additional funds as needed to equal or exceed \$380 million per fiscal year, go to the Education Legacy Trust Account. The Education Legacy Trust Fund may be used only for support of the common schools, and for expanding access to higher education through funding for new enrollments and financial aid, and other educational improvement efforts.

Other funding priorities will advance public services that reduce income inequality and help alleviate social injustice:

- Ten percent of Account monies, plus additional funds as needed to equal or exceed \$108 million per fiscal year, are distributed to the State General Fund to implement the Working Families Tax Rebate.
- Two percent of Account monies, and up to \$15.5 million in fiscal year 2017, \$19.5 million in fiscal year 2018, and \$20 million per fiscal year beginning in 2019, are distributed to the Washington Housing Trust Fund to provide loan and grant monies to organizations to provide housing for low-income and special needs populations.
- Forty percent of Account monies, and up to \$400 million each fiscal year, support transportation system maintenance and safety and for transportation projects with a priority given to transit and GHG emission-reducing projects.

Who do you have as support so far?

The legislation is requested by Governor Jay Inslee and is currently sponsored by Senators Ranker, Habib, Hargrove, McCoy, Jayapal, Cleveland, Frockt, Rolfes, Darneille, Billig, Hasegawa, Keiser, Lias, Pedersen, Chase, Kohl-Welles, Fraser, McAuliffe, Nelson, Conway, and Representatives Fitzgibbon, Hunter, Moeller, Carlyle, Peterson, Goodman, McBride, Jinkins, Tarleton, Kagi, Appleton, Cody, Ryu, Pollet, Hudgins, Fey, Lytton, Robinson, Ormsby, Farrell, Dunshee, Bergquist, Stanford, S. Hunt, Pettigrew, Walkinshaw, Reykdal, Wylie, Riccelli, Tharinger, Senn, Sawyer, Gregerson, Sells, Moscoso, Ortiz-Self, Van De Wege.

It is supported by the members of the Environmental Priorities Coalition, including American Rivers, Audubon Washington, Climate Solutions, Conservation Northwest, Earth Ministry, Environment Washington, Futurewise, Heart of America Northwest, League of Women Voters of Washington, NW Energy Coalition, Sierra Club Cascade Chapter, Sound Action, Surfrider Foundation, The Lands Council, The Nature Conservancy, Transportation Choices Coalition, Washington Conservation Voters, Washington Environmental Council, Washington Toxics Coalition, Washington Wildlife and Recreation Coalition, and Zero Waste Washington as well as

members of the Alliance for Jobs and Clean Energy, which includes numerous labor, business, and social justice organizations.

Who needs to be moved/potential opposition?

Currently we foresee the primary opposition being from large polluters and representatives of major corporations, such as Western States Petroleum Association, the Washington Trucking Association, the State Farm Bureau, the Northwest Food Processors Association, Washington Association of Wheat Growers, Washington Food Industry Association and Washington Potato and Onion Association.

Senator Doug Ericksen has also voiced opposition to this proposal.

Provide any legislative background and context for the issue. (Has this issue been worked on recently, how far did it get, other legislative history, where is the public at with issue, etc.)

At the state level, GHGs are regulated by Ecology under the state Clean Air Act. This state law requires facilities, sources, and sites whose emissions exceed 10,000 metric tons of carbon dioxide equivalent each year to report their annual emissions to Ecology or to local air authorities that implement the state Clean Air Act. Liquid motor vehicle and aircraft fuel suppliers that supply fuel whose combustion would exceed that same 10,000 ton volumetric threshold must also report their annual emissions.

Apart from reporting and other regulations under the state and federal clean air acts, several other state laws and programs explicitly address GHG emissions. State law prohibits Washington utilities from investing in or making a long-term financial commitment to sources of electricity whose generation exceeds a GHG emission performance standard of 1,100 pounds of GHGs per megawatt hour, or a separate standard for natural gas generation as determined by the Department of Commerce.

State law also establishes the following limits for statewide GHG emission levels:

- By 2020, overall GHG emissions in the state must be reduced to 1990 levels;
- By 2035, overall GHG emissions in the state must be reduced to 25 percent below 1990 levels;
- By 2050, overall GHG emissions in the state must be reduced to 50 percent below 1990 levels or 70 percent below the state's expected emissions that year.

In 2013, the legislature established the Climate Legislative Executive Workgroup (CLEW) to study the challenges of meeting these statutory emissions limits and to develop solutions for overcoming them. The result of the CLEW process were two competing legislative proposals, one of which was endorsed by Governor Inslee and became the basis of the Carbon Pollution Accountability Act.

In 2014, the Governor issued Executive Order 14-04 outlining a series of next steps to reduce carbon pollution in Washington state and improve energy independence through use of clean

energy. This executive order established the Carbon Emissions Reduction Taskforce, composed of 21 leaders from business, labor, health and public interest organizations, to provide recommendations to the governor on design and implementation of a market-based carbon pollution program. Using the proposal from the CLEW as a basic framework, the Carbon Emissions Reduction Taskforce developed this proposal for consideration by the legislature at the Governor's request.

According to a recent poll, 71% of Washingtonians supported this proposal, according to reporting by the Seattle Times. In the same poll, the respondents identified education as a top issue for the legislature.

Sources used:

http://www.governor.wa.gov/issues/climate/documents/Carbon_market_policy.pdf

<http://lawfilesexternal.leg.wa.gov/biennium/2015-16/Pdf/Bill%20Reports/House/1314%20HBA%20ENVI%2015.pdf>

<http://app.leg.wa.gov/billinfo/summary.aspx?bill=314&year=2015>

<http://www.governor.wa.gov/issues/climate/waleq15.aspx>

<http://blogs.seattletimes.com/politicsnorthwest/2015/01/06/poll-voters-open-to-inslees-taxes-on-carbon-and-capital-gains/>