
**Agriculture & Natural Resources
Committee**

HB 1208

Brief Description: Encouraging carbon dioxide mitigation.

Sponsors: Representatives Chase, Morris, Upthegrove, Ormsby and Linville.

Brief Summary of Bill

- Provides businesses and nonprofit organizations a tax credit of one dollar for every ton of voluntarily mitigated carbon dioxide emissions.
- Authorizes the Department of Ecology to develop standards for carbon dioxide mitigation offset projects.

Hearing Date: 1/24/07

Staff: Jaclyn Ford (786-7339).

Background:

The federal Environmental Protection Agency, the Department of Ecology (DOE), and local clean air agencies, all regulate air quality. DOE implements and enforces air quality regulations in counties without an air pollution control agency.

Fossil-fueled thermal electric generation facilities use a tradeable permit program to regulate carbon dioxide. A credit is created when a facility actually emits carbon dioxide at less than its allowable limit. Mitigation projects are used to offset carbon dioxide emissions over the allowable limit of a facility. The fossil-fueled thermal electric generation facility may choose to directly invest in the mitigation project or pay a third party to provide the mitigation [RCW 80.70.020].

Summary of Bill:

Businesses and nonprofit organizations are eligible to qualify for tax credits when they voluntarily fund mitigation offset projects. The DOE will develop standards for the carbon dioxide mitigation

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offset projects consistent with requirements provided by the Legislature. The tax credit allowed is \$1 for every ton of carbon emissions certified as mitigated. The total credits may not exceed one million credits per year.

The DOE will compile a list of qualified third party organizations to certify the successful completion of carbon dioxide mitigation efforts. The third party organization is responsible for establishing the carbon dioxide emissions baseline for the business or nonprofit organization, helping establish a carbon dioxide mitigation plan, and conducting an emissions audit. The DOE may also audit and inspect the business relationship between the third party organization and the business or nonprofit organization. The DOE may nullify or modify any third party certification if the DOE finds the certification does not meet all requirements.

Businesses or nonprofit organizations may indirectly fund carbon dioxide mitigation offset projects by depositing money into the newly created carbon dioxide mitigation account, as opposed to directly funding specific carbon dioxide mitigation offset projects. The DOE will contract with a third party organization to locate, design and implement carbon mitigation projects that may be funded from the carbon dioxide mitigation account. Expenditures from the carbon dioxide mitigation account may only be spent after appropriation.

Appropriation: None.

Fiscal Note: Requested on January 23, 2007.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.