
HOUSE BILL 2420

State of Washington

60th Legislature

2008 Regular Session

By Representatives Chase and Simpson

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1 AN ACT Relating to establishing a carbon tax; and adding a new
2 chapter to Title 82 RCW.

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

4 NEW SECTION. **Sec. 1.** The definitions in this section apply
5 throughout this chapter unless the context clearly requires otherwise.

6 (1) "Authority" means the climate action fund authority.

7 (2) "Coal" means bituminous coal, subbituminous coal, lignite, and
8 coke.

9 (3) "Department" means the department of revenue.

10 (4) "Person" means any individual, division of government,
11 business, or corporation.

12 (5) "Petroleum product" means any liquid hydrocarbons at
13 atmospheric temperature and pressure that are the product of the
14 fractionation, distillation, or other refining or processing of crude
15 oil, and that are used as, useable as, or may be refined as a fuel or
16 fuel blendstock including, but not limited to, gasoline, diesel fuel,
17 aviation fuel, and bunker fuel.

1 NEW SECTION. **Sec. 2.** (1) There is hereby levied and imposed a
2 carbon tax upon persons extracting coal, petroleum, and natural gas in
3 Washington or importing coal, petroleum, petroleum products, and
4 natural gas for use by Washington consumers. This tax is in addition
5 to all other taxes imposed on coal, petroleum, petroleum products, and
6 natural gas.

7 (2) The following rates apply:

8 (a) On July 1, 2008, the tax equals ten dollars per ton of carbon
9 content on the fuel;

10 (b) On July 1, 2009, the tax equals twenty dollars per ton of
11 carbon content on the fuel;

12 (c) On July 1, 2010, the tax equals thirty dollars per ton of
13 carbon content on the fuel;

14 (d) On July 1, 2011, the tax equals forty dollars per ton of carbon
15 content on the fuel;

16 (e) On July 2, 2012, the tax equals fifty dollars per ton of carbon
17 content on the fuel;

18 (f) On July 2, 2013, the tax equals sixty dollars per ton of carbon
19 content on the fuel;

20 (g) On July 2, 2014, the tax equals seventy dollars per ton of
21 carbon content on the fuel;

22 (h) On July 2, 2015, the tax equals eighty dollars per ton of
23 carbon content on the fuel;

24 (i) On July 2, 2016, the tax equals ninety dollars per ton of
25 carbon content on the fuel; and

26 (j) On July 2, 2017, the tax equals one hundred dollars per ton of
27 carbon content on the fuel.

28 (3) The department shall adopt rules as necessary to implement the
29 carbon tax on coal, petroleum, petroleum products, and natural gas.
30 The department shall develop and make available worksheets and guidance
31 documents necessary to calculate the carbon content of coal, petroleum,
32 petroleum products, and natural gas. The department shall use methods
33 maintained by the United States environmental protection agency to
34 calculate the carbon content of each type of fuel.

35 (4) Any person extracting or importing coal, petroleum, petroleum
36 products, and natural gas shall be liable for and pay monthly carbon
37 taxes to the department.

1 (5) The department shall deposit all collected carbon taxes into
2 the climate action fund.

3 NEW SECTION. **Sec. 3.** There is imposed a carbon tax at retail sale
4 on motor vehicle fuel as defined in RCW 82.36.010, special fuel as
5 defined in RCW 82.38.020, and aircraft fuel as defined in RCW
6 82.42.010. This tax is in addition to all other taxes imposed on motor
7 vehicle fuels, special fuels, and aircraft fuel.

- 8 (1) The following tax rates apply:
- 9 (a) On July 1, 2008, the carbon tax equals ten cents per gallon;
 - 10 (b) On July 1, 2009, the carbon tax equals twenty cents per gallon;
 - 11 (c) On July 1, 2010, the carbon tax equals thirty cents per gallon;
 - 12 (d) On July 1, 2011, the carbon tax equals forty cents per gallon;
 - 13 (e) On July 1, 2012, the carbon tax equals fifty cents per gallon;
 - 14 (f) On July 1, 2013, the carbon tax equals sixty cents per gallon;
 - 15 (g) On July 1, 2014, the carbon tax equals seventy cents per
16 gallon;
 - 17 (h) On July 1, 2015, the carbon tax equals eighty cents per gallon;
 - 18 (i) On July 1, 2016, the carbon tax equals ninety cents per gallon;
 - 19 and
 - 20 (j) On July 1, 2017, the carbon tax equals one dollar per gallon.

21 (2) The department of licensing shall adopt rules as necessary to
22 implement the carbon tax as required by this chapter.

23 (3) The department of licensing shall deposit all carbon taxes
24 collected on motor vehicle fuels into the motor vehicle fund as
25 required under RCW 82.36.410. The department of licensing shall
26 deposit all carbon taxes collected on special fuels into the motor
27 vehicle fund as required by RCW 82.36.410. The department of licensing
28 shall deposit all carbon taxes collected on aircraft fuel into the
29 aeronautics account as required under RCW 82.42.090.

30 NEW SECTION. **Sec. 4.** (1) The climate action fund authority is
31 created and constitutes a public instrumentality and agency of the
32 state, separate and distinct from the state, exercising public and
33 essential governmental functions.

34 (2) The powers of the authority are vested in and shall be
35 exercised by a board of trustees consisting of:

1 (a) One member from the house of representatives committee on
2 energy and one member from the house of representatives committee on
3 environment, appointed by the speaker of the house of representatives
4 representing each caucus;

5 (b) One member from the senate committee on energy and one member
6 from the senate committee on environment, appointed by the president of
7 the senate representing each caucus; and

8 (c) Seven members appointed by the governor with the consent of the
9 senate, one of whom shall be appointed by the governor as chair of the
10 authority and who shall serve on the board and as chair of the
11 authority at the pleasure of the governor.

12 (3) The respective officials shall make the initial appointments no
13 later than July 30, 2008. The term of the trustees, other than the
14 chair, is four years from the date of their appointment, except that
15 the terms of three of the initial gubernatorial appointees, as
16 determined by the governor, are for two years from the date of their
17 appointment. A trustee appointed by the governor may be removed by the
18 governor for cause under RCW 43.06.070 and 43.06.080. The appropriate
19 official shall fill any vacancy on the board by appointment for the
20 remainder of the unexpired term. The trustees appointed by the
21 governor shall be compensated in accordance with RCW 43.03.240 and may
22 be reimbursed, solely from the funds of the authority, for expenses
23 incurred in the discharge of their duties under this chapter, subject
24 to RCW 43.03.050 and 43.03.060. The trustees who are legislators shall
25 be reimbursed for travel expenses in accordance with RCW 44.04.120.

26 (4) Seven members of the board constitute a quorum.

27 (5) The trustees shall elect a treasurer and secretary annually,
28 and other officers as the trustees determine necessary, and may adopt
29 bylaws or rules for their own government.

30 (6) Meetings of the board shall be held in accordance with the open
31 public meetings act, chapter 42.30 RCW, and at the call of the chair or
32 when a majority of the trustees so requests. Meetings of the board may
33 be held at any location within or out of the state, and trustees may
34 participate in a meeting of the board by means of a conference
35 telephone or similar communication equipment under RCW 23B.08.200.

36 (7) The authority is subject to audit by the state auditor.

37 (8) The attorney general must advise the authority and represent it
38 in all legal proceedings.

1 NEW SECTION. **Sec. 5.** The authority is empowered to:

2 (1) Use public moneys in the climate action fund to promote and
3 fund state and local government activities, projects, and programs that
4 reduce emissions of greenhouse gases and that support the state
5 greenhouse gases emission reduction goals under RCW 80.80.020. The
6 authority shall fund activities, projects, and programs which include,
7 but are not limited to:

8 (a) Incentives to individuals, businesses, and local governments
9 for the deployment of renewable energy generation and energy efficiency
10 technologies and practices;

11 (b) Efforts to promote the growing of biofuel feedstock and
12 development of biofuel production facilities;

13 (c) Research and development of renewable energy technologies,
14 energy efficiency technologies, and practices;

15 (d) Development of sustainable energy utilities;

16 (e) Funding to the public transportation systems account within the
17 transportation fund under RCW 82.44.180;

18 (f) Funding to the green energy incentive account of the energy
19 freedom account under RCW 43.325.040; and

20 (g) Funding to the vehicle electrification demonstration grant
21 program under RCW 43.325.110;

22 (2) Hold funds received by the authority in trust for their use
23 pursuant to this chapter to promote and fund reductions in greenhouse
24 gases emissions;

25 (3) Manage its funds, obligations, and investments as necessary and
26 as consistent with its purpose including the segregation of revenues
27 into separate funds and accounts;

28 (4) Make grants to entities pursuant to contract for research and
29 demonstration of greenhouse gases reduction activities to be conducted
30 in the state. Grant agreements shall specify deliverables to be
31 provided by the recipient pursuant to the grant. The authority shall
32 solicit requests for funding and evaluate the requests by reference to
33 factors such as: (a) The quality of the proposed research; (b) its
34 potential to reduce emissions of greenhouse gases, with particular
35 attention to the likelihood that it will also lower energy costs, or
36 offer a breakthrough in developing new sources of renewable energy; (c)
37 its potential to provide economic, environmental, and other benefits to
38 the citizens of the state; (d) its potential to stimulate the renewable

1 energy and energy efficiency manufacturing, and related employment in
2 the state; (e) the geographic diversity of the grantees within
3 Washington; and (f) evidence of potential royalty income and
4 contractual means to recapture such income for purposes of this
5 chapter;

6 (5) Create one or more advisory boards composed of scientists,
7 industrialists, and others familiar with renewable energy, energy
8 efficiency, energy conservation, the emissions of greenhouse gases, and
9 climate; and

10 (6) Adopt policies and procedures to facilitate the orderly process
11 of grant application, review, and reward.

12 NEW SECTION. **Sec. 6.** The authority has all the general powers
13 necessary to carry out its purposes and duties and to exercise its
14 specific powers. In addition to other powers specified in this
15 chapter, the authority may:

16 (1) Sue and be sued in its own name;

17 (2) Make and execute agreements, contracts, and other instruments,
18 with any public or private person or entity, in accordance with this
19 chapter;

20 (3) Employ, contract with, or engage independent counsel, financial
21 advisors, auditors, other technical or professional assistants, and
22 such other personnel as are necessary or desirable to implement this
23 chapter;

24 (4) Establish such special funds, and controls on deposits to and
25 disbursements from them, as it finds convenient for the implementation
26 of this chapter;

27 (5) Enter into contracts with public and private entities for
28 research to be conducted in the state;

29 (6) Adopt rules, consistent with this chapter;

30 (7) Delegate any of its powers and duties if consistent with the
31 purposes of this chapter;

32 (8) Exercise any other power reasonably required to implement the
33 purposes of this chapter;

34 (9) Hire staff and pay administrative costs.

35 NEW SECTION. **Sec. 7.** Members of the board and persons acting on
36 behalf of the authority, while acting within the scope of their

1 employment or agency, are not subject to personal liability resulting
2 from carrying out the powers and duties conferred on them under this
3 chapter. Neither the state nor the authority is liable for any loss,
4 damage, harm, or other consequence resulting directly or indirectly
5 from grants made by the authority or by any research funded by such
6 grants.

7 NEW SECTION. **Sec. 8.** The authority may petition the legislature
8 to be dissolved upon a showing that it has no reason to exist and that
9 any assets it retains must be distributed to one or more similar
10 entities approved by the legislature. The legislature reserves the
11 right to dissolve the authority after its contractual obligations to
12 its funders and grant recipients have expired.

13 NEW SECTION. **Sec. 9.** The climate action fund is created in the
14 custody of the state treasurer. Only the board or the board's designee
15 may authorize expenditures from the fund. Expenditures from the fund
16 may be made only for purposes of this chapter. Administrative expenses
17 of the authority, including staff support, may be paid only from the
18 fund. Revenues to the fund consist of transfers made by the department
19 of collected carbon taxes.

20 NEW SECTION. **Sec. 10.** Sections 1 through 9 of this act constitute
21 a new chapter in Title 82 RCW.

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