

SENATE BILL REPORT

SB 6264

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, February 6, 2014
Ways & Means, February 11, 2014

Title: An act relating to capping the amount of the greenhouse gas reporting fee.

Brief Description: Capping the amount of the greenhouse gas reporting fee.

Sponsors: Senator Ericksen.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 1/29/14, 1/30/14, 2/06/14 [DPS-WM, DNP, w/oRec].
Ways & Means: 2/10/14, 2/11/14 [DPS(EET), DNP].

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: That Substitute Senate Bill No. 6264 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Ericksen, Chair; Billig, Brown, Honeyford and Ranker.

Minority Report: Do not pass.

Signed by Senators McCoy, Ranking Member; Chase.

Minority Report: That it be referred without recommendation.

Signed by Senator Litzow.

Staff: Jan Odano (786-7486)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6264 as recommended by Committee on Energy, Environment & Telecommunications be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Bailey, Becker, Braun, Dammeier, Hatfield, Hewitt, Padden, Parlette, Rivers, Schoesler and Tom.

Minority Report: Do not pass.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Signed by Senators Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Assistant Ranking Member on the Operating Budget; Conway, Fraser, Frockt, Hasegawa and Kohl-Welles.

Staff: Sherry McNamara (786-7402)

Background: The Department of Ecology (Ecology) must adopt rules for reporting greenhouse gas (GHG) emissions. Facilities emitting 10,000 metric tons of GHG per year or more and fuel suppliers of motor vehicle fuel, special fuel, or aircraft fuel products equivalent to at least 10,000 metric tons of carbon dioxide per year must report.

Ecology must amend its GHG reporting rules when necessary to be consistent with federal rules to avoid duplicative reporting. Beginning in 2011, a person who must report GHG emissions to the U.S. Environmental Protection Agency (EPA) must concurrently submit the reported data to Ecology. Ecology must share its GHG reports with the local clean air agency in which the reporting facility or supplier operates.

Ecology sets a reporting fee based on its costs to administer the program and the number of facilities and suppliers reporting.

Summary of Bill (Recommended Substitute): GHG reporting fees may not exceed \$100 for entities required to report who file periodic tax reports to the Department of Licensing of motor vehicle fuel or special fuels sales, or as distributors of aircraft fuel.

EFFECT OF CHANGES MADE BY ENERGY, ENVIRONMENT & TELECOMMUNICATIONS COMMITTEE (Recommended Substitute): Caps the GHG reporting fee at \$100 for fuel suppliers required to report.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 7, 2014.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Energy, Environment & Telecommunications): PRO: The GHG reporting fee was initiated in 2010 to implement strategies to reduce GHGs. Previous legislation was enacted to streamline, minimize costs, and make efficient and consistent reporting requirements with the Department of Licensing and EPA. The cost of the report is \$1,478 per transportation fuel supplier and \$1,175 for each reporting facility. There are 219 facilities and 58 transportation fuel suppliers reporting to Ecology. The total fees paid to Ecology are \$313,000 per year for 3.3 FTEs per year. We need to be a part of the process and to have trust in the agency responsible for dealing with GHGs. In this instance, we met with the agency and we had a commitment that the reporting costs would be minimal. To provide DOE with data that already exists should not cost \$1,478. DOE needs to be credible on the reporting fee and held to minimal costs.

CON: Capping the fees would cover less than 10 percent of the program costs, which would result in shifting high priority air quality work and placing the cost on taxpayers. The Legislature directed DOE to develop a program to align as much as possible with EPA reporting requirements, and to collect fees to cover the cost of the program. The rules for fees were developed with substantial stakeholder input and formal advisory groups with the goal to make reporting as easy as possible. The process has been as transparent as possible and stakeholders have been involved to determine the best way possible to set fees and what the fees should be to distribute the costs accordingly. DOE created and must support an Internet-based reporting system that work with EPA's reporting to reduce reporting duplication. GHG calculators have been developed for transportation fuel suppliers so that they can maintain business confidentiality. DOE provides intensive support to all who must comply. In addition, DOE must analyze data reported and develop annual workload models to decrease costs as the program matures. Stakeholders advocated that DOE verify reporting information to reduce costs of the program. The current budget is less than half of what was proposed in 2008. We are concerned that this cap may limit all fees for air emissions programs.

Persons Testifying (Energy, Environment & Telecommunications): PRO: David Ducharme, Lea Wilson, WA Oil Marketers Assn.

CON: Marsh Taylor, Ecology, Senior Policy Analyst, Air Quality Program.

Staff Summary of Public Testimony on Substitute (Ways & Means): PRO: In 2010 Ecology worked with the oil marketers to agree to a minimal fee. There is testimony to the Legislature that supports this minimal cost to the transportation fuel suppliers reporting fee.

CON: Capping the fee at \$100 will not change the requirements for Ecology to operate the GHG program. Ecology must report Washington's information to the EPA and provide technical assistance and compliance assistance; the reduction in the reporting fee will reduce Ecology's budget to administer this program. Ecology cannot operate the program without sufficient funds to support it as required by law.

Persons Testifying (Ways & Means): PRO: Lea Wilson, WA Oil Marketers Assn.

CON: Miguel Perez-Gibson, Climate Solutions.