
HOUSE BILL 2803

State of Washington 63rd Legislature 2014 Regular Session

By Representatives Fitzgibbon, Fey, Walkinshaw, Jinkins, and Farrell

Read first time 03/11/14. Referred to Committee on Finance.

1 AN ACT Relating to establishing a price on carbon pollution in
2 order to fulfill the paramount duty of the state to fund basic
3 education; and adding a new chapter to Title 82 RCW.

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

5 NEW SECTION. **Sec. 1.** (1) Article IX of the state Constitution
6 confers that the paramount duty of the state is to make ample provision
7 for the education of children within the state. In 2012, the
8 Washington supreme court ruled in *McCleary v. the State of Washington*
9 that the state has not met its constitutionally enshrined paramount
10 duty to fully fund basic education.

11 (2) In recognition of the benefits of positioning the state as a
12 leader in climate policy, the 2008 legislature adopted limits for
13 greenhouse gas emissions in Washington for the years 2020, 2035, and
14 2050. Recent analyses by the department of ecology and independent
15 consultants of projected future greenhouse gas emissions indicate that
16 without the adoption of new policies to cap greenhouse gas emissions or
17 create an incentive for reduced emissions the state will be very
18 unlikely to achieve its greenhouse gas emissions limits in 2020, 2035,
19 and 2050.

1 (3) Therefore, it is the intent of the legislature to place a price
2 on carbon in order to help the state meet its greenhouse gas emissions
3 limits and to generate the billions of dollars in revenue that will be
4 needed to help the state comply with the constitutional requirement to
5 amply fund basic education, the Washington supreme court decision in
6 *McCleary v. the State of Washington*.

7 NEW SECTION. **Sec. 2.** The definitions in this section apply
8 throughout this chapter unless the context clearly requires otherwise.

9 (1) "Coal" means bituminous coal, subbituminous coal, lignite, and
10 coke.

11 (2) "Fossil fuel" means coal, natural gas, crude oil, and petroleum
12 products.

13 (3) "First taxable event" means:

14 (a) The first possession of natural gas acquired by a gas
15 distribution business;

16 (b) The first possession of natural gas acquired by a person
17 subject to the tax under RCW 82.12.022 with respect to such natural
18 gas;

19 (c) The first possession of coal acquired by a person using the
20 coal for the generation of electricity, heat, or steam within the state
21 of Washington;

22 (d) The first possession of a petroleum product subject to tax
23 under chapter 82.21 RCW;

24 (e) The purchase or import from outside of Washington by a light
25 and power business of electricity generated by the use of fossil fuels;
26 and

27 (f) The use of fossil fuels by a facility in Washington that
28 results in carbon dioxide emissions in conjunction with the process of
29 distilling, fractionating, refining, or processing of crude oil or
30 petroleum products.

31 (4) "Gas distribution business" has the same meaning as provided in
32 RCW 82.16.010.

33 (5) "Light and power business" has the same meaning as provided in
34 RCW 82.16.010.

35 (6) "Petroleum product" has the same meaning as provided in RCW
36 82.21.020.

1 NEW SECTION. **Sec. 3.** (1) Except as provided in section 4 of this
2 act, there is levied and imposed, at the time of the first taxable
3 event and upon the first taxable person within this state, a fossil
4 fuel carbon pollution tax upon the carbon content of fossil fuels
5 extracted, manufactured, or introduced into this state equal to:

6 (a) Beginning July 1, 2015, until July 1, 2017, ten dollars per
7 metric ton of carbon dioxide; and

8 (b) Beginning July 1, 2017, and thereafter, twenty dollars per
9 metric ton of carbon dioxide.

10 (2) The department must calculate the carbon content of fossil
11 fuels, in consultation with the department of ecology, by using
12 relevant methods based on those established by the United States
13 department of energy or the United States environmental protection
14 agency. The department must develop and make available worksheets and
15 guidance documents necessary to calculate the carbon content of fossil
16 fuels.

17 NEW SECTION. **Sec. 4.** (1) The following fossil fuels are exempt
18 from the fossil fuel carbon pollution tax imposed under this chapter:

19 (a) Fossil fuels used for air or marine travel between Washington
20 and a jurisdiction outside the geographic borders of Washington;

21 (b) Fossil fuels purchased in Washington for export for use outside
22 of Washington; and

23 (c) Fossil fuels brought into this state by means of the fuel
24 supply tank of a motor vehicle, vessel, locomotive, or aircraft.

25 (2)(a) The fossil fuel carbon pollution tax rates provided in
26 section 3 of this act must be reduced for any fossil fuel extraction,
27 manufacturing, or introduction when the taxable person can demonstrate
28 to the department's satisfaction that the environmental effects of the
29 extraction, manufacturing, or introduction have been offset through
30 participation by the taxable person in a carbon sequestration program
31 or activity.

32 (b) Any reductions to the fossil fuel carbon pollution tax rates
33 due under this section may not be considered a credit and may not be
34 transferred, traded, or banked.

35 NEW SECTION. **Sec. 5.** All taxes collected under the fossil fuel

1 carbon pollution tax imposed under this chapter must be deposited in
2 the education legacy trust account created in RCW 83.100.230.

3 NEW SECTION. **Sec. 6.** (1) The fossil fuel carbon pollution tax
4 imposed under this chapter is to be collected in addition to all other
5 taxes imposed on fossil fuels.

6 (2) To the extent practical, the department must integrate the
7 administration and collection of the fossil fuel carbon pollution taxes
8 imposed under this chapter with the administration and collection of
9 other taxes imposed on the taxpayer. The administrative provisions of
10 chapter 82.32 RCW apply to this chapter.

11 NEW SECTION. **Sec. 7.** The department must adopt and maintain rules
12 to implement this chapter.

13 NEW SECTION. **Sec. 8.** If any provision of this act or its
14 application to any person or circumstance is held invalid, the
15 remainder of the act or the application of the provision to other
16 persons or circumstances is not affected.

17 NEW SECTION. **Sec. 9.** Sections 1 through 7 of this act constitute
18 a new chapter in Title 82 RCW.

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