
Environment & Energy Committee

HB 1822

Brief Description: Improving Puget Sound water quality.

Sponsors: Representatives Dye, Eslick, Goehner, Robertson, Klicker, Graham, Caldier, Chambers and Abbarno.

Brief Summary of Bill

- Establishes the Office of Puget Sound Water Quality within the Department of Ecology to provide assistance and grants to municipal wastewater treatment facilities to reduce nutrient discharges into the Puget Sound.
- Requires that \$100 million of Washington's Cap and Invest Program auction proceeds must first be deposited into a new account for grants made by the Office of Puget Sound Water Quality.
- Requires annual reporting on each discharge of untreated sewage and stormwater by operators of municipal wastewater systems and summaries of these discharges by the Department of Ecology.

Hearing Date: 1/25/22

Staff: Megan McPhaden (786-7114).

Background:

Puget Sound Restoration.

The Puget Sound includes all salt waters of the state of Washington inside the boundary between Washington and British Columbia, and east of the Pacific Ocean and the Strait of Juan de Fuca, and the rivers and streams draining to Puget Sound. The Puget Sound Partnership was established as a state agency in 2007 to oversee the restoration of the environmental health of the

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

Puget Sound by 2020. According to the Puget Sound Partnership's State of the Sound Report from December 2019, despite investment from federal, tribal, state, and local governments and non-governmental organization, habitat degradation continues to outpace restoration of the Puget Sound.

Puget Sound Nutrient General Permit.

The Department of Ecology (Ecology) has received delegated authority from the United States Environmental Protection Agency to carry out the federal Clean Water Act in Washington. As part of this responsibility, Ecology issues required National Pollutant Discharge Elimination System (NPDES) wastewater discharge permits, except for federally-owned facilities and for permits on tribal lands. NPDES permits regulate discharges to surface water from commercial industry or publicly owned treatment works, also referred to as municipal wastewater treatment facilities. Categories of NPDES general permits include Nutrient General Permits, Municipal Stormwater General Permits, and Water Treatment Plant General Permits.

Ecology issued a first-of-its-kind five-year Puget Sound Nutrient General Permit, effective on Jan. 1, 2022. According to Ecology, this permit is intended to address excess nitrogen, which is the main pollutant causing low oxygen levels in the Puget Sound, and can lead to fish mortality and impact other marine life. This permit applies to 58 wastewater treatment plants, and requires these covered municipal wastewater treatment plants to:

- monitor and report on discharges;
- implement a nitrogen optimization plan to evaluate strategies for maximizing nitrogen removal; and
- conduct a nutrient reduction evaluation, which includes planning for future facility upgrades.

Puget Sound Nutrient Reduction Grants Program.

The 2021-23 capital budget provides \$9 million for a Puget Sound Nutrient Reduction Grant Program, administered by Ecology. Ecology must use the criteria of a facility's location, age, and immediacy of need to avoid a higher magnitude of contamination as criteria for evaluating and prioritizing the grants. The 2021-23 capital budget projects an additional \$36 million in future biennia costs for the grant program.

Cap and Invest Program Deposits and Expenditures.

Enacted in 2021, the Climate Commitment Act requires Ecology to implement a greenhouse gas (GHG) emissions Cap and Invest Program (Program) to reduce GHG emissions consistent with statewide emissions limits. The Program caps emissions from certain covered entities and invests emission allowance auction proceeds in certain programs, projects, and activities, beginning January 1, 2023. Expenditures for these programs, projects, and activities are subject to appropriation from specified accounts established by the Climate Commitment Act.

The auction proceeds must first be transferred to the state treasurer for deposit into the Carbon Emissions Reduction (CER) Account. The deposits to the CER Account are as follows:

- \$127,341,000 for fiscal year (FY) 2023;

- \$356,697,000 for FY 2024;
- \$366,558,000 for FY 2025; and
- \$359,117,000 each year for fiscal years 2026 through 2037.

The deposits into the CER Account must not exceed \$5.2 billion over the first 16 years. For FY 2038 and each year thereafter, 50 percent of the proceeds must be deposited to the CER Account and 50 percent to the Climate Investment Account and Air Quality and Health Disparities Improvement Account.

Expenditures from the CER Account may only be used for transportation carbon emissions reducing purposes. Expenditures may not be used for highway purposes as outlined in the 18th amendment to the state constitution, other than as specified for the account, including investments in alternatives and reductions to single occupancy passenger vehicle use through alternative fuel infrastructure and incentives, and emission reduction programs for freight, ferries, and port activities.

The remaining auction proceeds are deposited into the Climate Investment Account and the Air Quality and Health Disparities Improvement Account. Of the funds deposited to the Climate Investment Account, 75 percent must be distributed to the Climate Commitment Account and 25 percent must be distributed to the Natural Climate Solutions Account.

Summary of Bill:

Office of Puget Sound Water Quality.

The Office of Puget Sound Water Quality is established within the Department of Ecology (Ecology).

This office is authorized to:

- provide technical assistance to local governments and other municipal wastewater treatment system operators to reduce their nutrient discharges into Puget Sound;
- identify funding opportunities, accept donations, and take all appropriate steps to seek and apply for grants and federal funds for which the Office of Puget Sound Water Quality is eligible;
- assist municipal wastewater treatment operators with water quality grant and loan opportunities; and
- collaborate with the Puget Sound Partnership, programs within Ecology, and other state agencies.

Grants for Municipal Wastewater Treatment Facilities to Reduce Nutrient Discharges.

The Office of Puget Sound Water Quality is responsible for making grants each year to operators of municipal wastewater treatment facilities for projects that reduce nutrients in wastewater discharges into state waters of the Salish Sea. Funds for these grants must be appropriated from a newly created Wastewater Nutrient Reduction Account. Federal funds, grants, and donations obtained by the Office of Puget Sound Water quality must be deposited into this account.

For every fiscal year from 2023 through 2037 , \$100 million of the Cap and Invest Program auction proceeds must first be deposited into the Wastewater Nutrient Reduction Account, and the amounts designated for the Carbon Emissions Reduction Account must be reduced by \$100 million.

Ecology must rely on the prioritized project list developed by the Office of Puget Sound Water Quality to award the grants to operators of municipal wastewater treatment facilities. If there is not enough funding to fully fund all projects proposed by municipal wastewater treatment operators then Ecology must distribute funds by prioritizing projects that are: (1) the most cost-effective at reducing nutrients; and (2) capable of most quickly achieving nutrient reductions.

Reporting Discharges of Untreated Sewage and Stormwater.

Operators of municipal wastewater systems that discharge untreated sewage or untreated stormwater and sewage into state waters must submit a report to Ecology by February 1 every year. This report must cover discharges that occurred during the previous calendar year. The report must identify each discharge's location, estimated volume, and measured impacts to coliform levels and other water quality metrics. The report must also identify any resulting beach closures or other impacts to recreational uses from each discharge.

By July 1 of each year, Ecology must use the reports from municipal wastewater systems to summarize the impacts of the preceding year's discharges of untreated sewage into the Puget Sound. Ecology must provide this summary: (1) on its website; and (2) in a report to the appropriate committees of the Legislature.

Appropriation: None.

Fiscal Note: Requested on January 23, 2022.

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