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**ENGROSSED SUBSTITUTE SENATE BILL 5447**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Senate Environment, Energy & Technology (originally sponsored by Senators Billig, King, Nguyen, MacEwen, Mullet, Wellman, Gildon, Keiser, Shewmake, Lovick, Boehnke, Warnick, Randall, Conway, Dhingra, Dozier, Lias, Lovelett, Saldaña, Stanford, Van De Wege, and Wagoner)

READ FIRST TIME 02/09/23.

1           AN ACT Relating to promoting the alternative jet fuel industry in  
2 Washington; amending RCW 70A.535.010, 43.330.565, 43.330.570, and  
3 70A.65.260; adding a new section to chapter 70A.535 RCW; adding new  
4 sections to chapter 28B.30 RCW; adding new sections to chapter 82.04  
5 RCW; adding a new section to chapter 82.16 RCW; creating new  
6 sections; providing effective dates; providing an expiration date;  
7 and declaring an emergency.

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

9           NEW SECTION.   **Sec. 1.** The legislature intends to use funds from  
10 the climate commitment act to promote the production and use of  
11 sustainable aviation fuels, thereby growing the clean energy sector,  
12 addressing greenhouse gas emissions, and creating family wage  
13 manufacturing jobs in Washington. Sustainable aviation fuels  
14 represent the most significant near and midterm opportunity for  
15 aviation to reduce its greenhouse gas emissions. The use of  
16 sustainable aviation fuels will also improve air quality for airport  
17 workers and communities surrounding airports. While many efforts are  
18 underway to advance the use of sustainable aviation fuels, this act  
19 is intended to assist and accelerate those efforts.

20

**PART I**

1 **TREATMENT OF ALTERNATIVE JET FUELS**

2 **Sec. 2.** RCW 70A.535.010 and 2022 c 182 s 409 are each amended to  
3 read as follows:

4 The definitions in this section apply throughout this chapter  
5 unless the context clearly indicates otherwise.

6 (1) "Carbon dioxide equivalents" has the same meaning as defined  
7 in RCW 70A.45.010.

8 (2) "Carbon intensity" means the quantity of life-cycle  
9 greenhouse gas emissions, per unit of fuel energy, expressed in grams  
10 of carbon dioxide equivalent per megajoule (gCO<sub>2</sub>e/MJ).

11 (3) "Clean fuels program" means the requirements established  
12 under this chapter.

13 (4) "Cost" means an expense connected to the manufacture,  
14 distribution, or other aspects of the provision of a transportation  
15 fuel product.

16 (5) "Credit" means a unit of measure generated when a  
17 transportation fuel with a carbon intensity that is less than the  
18 applicable standard adopted by the department under RCW 70A.535.025  
19 is produced, imported, or dispensed for use in Washington, such that  
20 one credit is equal to one metric ton of carbon dioxide equivalents.  
21 A credit may also be generated through other activities consistent  
22 with this chapter.

23 (6) "Deficit" means a unit of measure generated when a  
24 transportation fuel with a carbon intensity that is greater than the  
25 applicable standard adopted by the department under RCW 70A.535.025  
26 is produced, imported, or dispensed for use in Washington, such that  
27 one deficit is equal to one metric ton of carbon dioxide equivalents.

28 (7) "Department" means the department of ecology.

29 (8) "Electric utility" means a consumer-owned utility or  
30 investor-owned utility, as those terms are defined in RCW 19.29A.010.

31 (9) "Greenhouse gas" has the same meaning as defined in RCW  
32 70A.45.010.

33 (10) "Military tactical vehicle" means a motor vehicle owned by  
34 the United States department of defense or the United States military  
35 services and that is used in combat, combat support, combat service  
36 support, tactical or relief operations, or training for such  
37 operations.

38 (11) "Motor vehicle" has the same meaning as defined in RCW  
39 46.04.320.

1 (12) "Price" means the amount of payment or compensation provided  
2 as consideration for a specified quantity of transportation fuel by a  
3 consumer or end user of the transportation fuel.

4 (13) "Regulated party" means a producer or importer of any amount  
5 of a transportation fuel that is ineligible to generate credits under  
6 this chapter.

7 (14)(a) "Tactical support equipment" means equipment using a  
8 portable engine, including turbines, that meets military  
9 specifications, owned by the United States military services or its  
10 allies, and that is used in combat, combat support, combat service  
11 support, tactical or relief operations, or training for such  
12 operations.

13 (b) "Tactical support equipment" includes, but is not limited to,  
14 engines associated with portable generators, aircraft start carts,  
15 heaters, and lighting carts.

16 (15) "Transportation fuel" means electricity and any liquid or  
17 gaseous fuel sold, supplied, offered for sale, or used for the  
18 propulsion of a motor vehicle or that is intended for use for  
19 transportation purposes.

20 (16) "Alternative jet fuel" means a fuel made from petroleum or  
21 nonpetroleum sources that can be blended and used with conventional  
22 petroleum jet fuels without the need to modify aircraft engines and  
23 existing fuel distribution infrastructure, and that have a lower  
24 carbon intensity than the applicable annual carbon intensity standard  
25 in Table 2 of WAC 173-424-900, as it existed on the effective date of  
26 this section. Alternative jet fuel includes jet fuels derived from  
27 coprocessed feedstocks at a conventional petroleum refinery.

28 NEW SECTION. Sec. 3. A new section is added to chapter 70A.535  
29 RCW to read as follows:

30 (1) By no later than December 31, 2023, the department must allow  
31 one or more carbon intensity pathways for alternative jet fuel.

32 (2) The department must allow biomethane to be claimed as the  
33 feedstock for renewable diesel and alternative jet fuel consistent  
34 with that allowable for compressed natural gas, liquified natural  
35 gas, liquified compressed natural gas, or hydrogen production.

36 (3) The department must notify the department of revenue within  
37 30 days when one or more facilities capable of producing a cumulative  
38 production capacity of at least 20,000,000 gallons of alternative jet  
39 fuel each year are operating in this state.

1        NEW SECTION.    **Sec. 4.**    A new section is added to chapter 28B.30  
2    RCW to read as follows:

3        (1) Washington State University must convene an alternative jet  
4    fuels work group to further the development of alternative jet fuel  
5    as a productive industry in Washington. The work group must include  
6    members from the legislature and sectors involved in alternative jet  
7    fuel research, development, production, and utilization. The work  
8    group must provide a report including any pertinent recommendations  
9    to the governor and appropriate committees of the legislature by  
10   December 1, 2024, and December 1st of every even-numbered year until  
11   December 1, 2028.

12        (2) This section expires January 1, 2029.

13        **Sec. 5.**    RCW 43.330.565 and 2022 c 292 s 102 are each amended to  
14    read as follows:

15        (1) The statewide office of renewable fuels is established within  
16    the department. The office shall report to the director of the  
17    department. The office may employ staff as necessary to carry out the  
18    office's duties as prescribed by chapter 292, Laws of 2022, subject  
19    to the availability of amounts appropriated for this specific  
20    purpose.

21        (2) The purpose of the office is to leverage, support, and  
22    integrate with other state agencies to:

23        (a) Accelerate comprehensive market development with assistance  
24    along the entire life cycle of renewable fuel projects;

25        (b) Support research into and development and deployment of  
26    renewable fuel and the production, distribution, and use of renewable  
27    and green electrolytic hydrogen and their derivatives, as well as  
28    product engineering and manufacturing relating to the production and  
29    use of such hydrogen and its derivatives;

30        (c) Drive job creation, improve economic vitality, and support  
31    the transition to clean energy;

32        (d) Further the development and use of alternative jet fuels as a  
33    productive industry in Washington;

34        (e) Enhance resiliency by using renewable fuels, alternative jet  
35    fuels, and green electrolytic hydrogen to support climate change  
36    mitigation and adaptations; and

37        (~~(e)~~) (f) Partner with overburdened communities to ensure  
38    communities equitably benefit from renewable and clean fuels efforts.

1       **Sec. 6.** RCW 43.330.570 and 2022 c 292 s 103 are each amended to  
2 read as follows:

3       (1) The office shall:

4       (a) Coordinate with federally recognized tribes, local  
5 government, state agencies, federal agencies, private entities, the  
6 state's public four-year institutions of higher education, labor  
7 unions, and others to facilitate and promote multi-institution  
8 collaborations to drive research, development, and deployment efforts  
9 in the production, distribution, and use of alternative jet fuels and  
10 renewable fuels including, but not limited to, green electrolytic  
11 hydrogen;

12       (b) Review existing renewable fuels, alternative jet fuels, and  
13 green electrolytic hydrogen initiatives, policies, and public and  
14 private investments, and tax and regulatory incentives, including  
15 assessment of adequacy of feedstock supply and in-state feedstock,  
16 renewable fuels, and alternative jet fuels production;

17       (c) Consider funding opportunities that provide for the  
18 coordination of public and private funds for the purposes of  
19 developing and deploying renewable fuels, alternative jet fuels, and  
20 green electrolytic hydrogen;

21       (d) Assess opportunities for and barriers to deployment of  
22 renewable fuels, alternative jet fuels, and green electrolytic  
23 hydrogen in hard to decarbonize sectors of the state economy;

24       (e) Request recommendations from the Washington state association  
25 of fire marshals regarding fire and other safety standards adopted by  
26 the United States department of energy and recognized national and  
27 international fire and safety code development authorities regarding  
28 renewable fuels, alternative jet fuels, and green electrolytic  
29 hydrogen;

30       (f) By December 1, 2023, develop a plan and recommendations for  
31 consideration by the legislature and governor on renewable fuels and  
32 green electrolytic hydrogen policy and public funding including, but  
33 not limited to, project permitting, state procurement, and pilot  
34 projects; and

35       (g) Encourage new and support existing public-private  
36 partnerships to increase coordinated planning and deployment of  
37 renewable fuels, alternative jet fuels, and green electrolytic  
38 hydrogen.

39       (2) The office may take all appropriate steps to seek and apply  
40 for federal funds for which the office is eligible, and other grants,

1 and accept donations, and must deposit these funds in the renewable  
2 fuels accelerator account created in RCW 43.330.575.

3 (3) In carrying out its duties, the office must collaborate with  
4 the department, the department of ecology, the department of  
5 transportation, the utilities and transportation commission, electric  
6 utilities in Washington state, the Washington State University  
7 extension energy program, the alternative jet fuel work group  
8 established in section 4 of this act, and all other relevant state  
9 agencies. The office must also consult with and seek to involve  
10 federally recognized tribes, project developers, labor and industry  
11 trade groups, and other interested parties, in the development of  
12 policy analysis and recommended programs or projects.

13 (4) The office may cooperate with other state agencies in  
14 compiling data regarding the use of renewable fuels and green  
15 electrolytic hydrogen in state operations, including motor vehicle  
16 fleets, the state ferry system, and nonroad equipment.

17 NEW SECTION. **Sec. 7.** A new section is added to chapter 28B.30  
18 RCW to read as follows:

19 (1) Washington State University, in collaboration with the  
20 University of Washington's department of environmental and  
21 occupational health, must calculate emissions of ultrafine and fine  
22 particulate matter and sulfur oxides in communities surrounding an  
23 international airport owned by a port district in a county with a  
24 population greater than 1,500,000 and report that information to the  
25 joint legislative audit and review committee by December 1, 2024, and  
26 December 1st of each year until such time as the joint legislative  
27 audit and review committee has completed its final report on the tax  
28 preferences contained in sections 9 through 12 of this act. The  
29 report must include emissions data for areas near airport runways and  
30 under flight paths up to 3,000 feet in elevation. The report must  
31 also include an analysis of any reduction in emissions relative to  
32 the amount of alternative jet fuel used for flights departing the  
33 airport. Washington State University may access and use any data  
34 necessary to complete the reporting requirements of this section.

35 (2) To facilitate the calculation required in subsection (1) of  
36 this section, an international airport owned by a port district in a  
37 county with a population greater than 1,500,000 must report to  
38 Washington State University the total annual volume of alternative  
39 jet fuel used for flights departing the airport by October 1, 2024,

1 and October 1st of each year until such time as the joint legislative  
2 audit and review committee has completed its final report on the tax  
3 preferences contained in sections 9 through 12 of this act.

4 **PART II**

5 **ALTERNATIVE JET FUEL TAX INCENTIVES**

6 NEW SECTION. **Sec. 8.** (1) This section is the tax preference  
7 performance statement for the tax preferences contained in sections 9  
8 through 12, chapter . . ., Laws of 2023 (sections 9 through 12 of  
9 this act). This performance statement is only intended to be used for  
10 subsequent evaluation of the tax preferences. It is not intended to  
11 create a private right of action by any party or to be used to  
12 determine eligibility for preferential tax treatment.

13 (2) The legislature categorizes these tax preferences as ones  
14 intended to improve industry competitiveness as indicated in RCW  
15 82.32.808(2)(b).

16 (3) It is the legislature's specific public policy objective to  
17 encourage the production and use of alternative jet fuels. It is also  
18 the legislature's intent to support the development of the  
19 alternative jet fuels industry in Washington by providing targeted  
20 tax relief for such businesses.

21 (4) The legislature intends to extend the expiration date of the  
22 tax preferences contained in this act if a review finds:

23 (a) An increase in the production and use of alternative jet  
24 fuels in Washington by persons claiming the tax preferences in this  
25 act;

26 (b) That the production and use of alternative jet fuels in this  
27 state does not result in additional pollution including, but not  
28 limited to, pollution from per-and polyfluoroalkyl substances,  
29 noxious gases, ultrafine particles, lead, or other metals; and

30 (c) That the alternative jet fuel industry has created measurable  
31 economic growth in Washington.

32 (5) The review conducted by the joint legislative audit and  
33 review committee must include a racial equity analysis on air travel-  
34 related pollution in communities near an international airport owned  
35 by a port district in a county with a population greater than  
36 1,500,000.

37 (6) In order to obtain the data necessary to perform the review  
38 in subsection (4) of this section, the joint legislative audit and

1 review committee may access and use data from an international  
2 airport owned by a port district in a county with a population  
3 greater than 1,500,000, the University of Washington, reports  
4 compiled by the Washington State University pursuant to section 7 of  
5 this act, and any other data collected by the state as it deems  
6 necessary.

7 (7) The joint legislative audit and review committee must  
8 complete a preliminary report by December 1, 2032.

9 NEW SECTION. **Sec. 9.** A new section is added to chapter 82.04  
10 RCW to read as follows:

11 (1) Upon every person engaging within the state in the business  
12 of manufacturing alternative jet fuel; as to such persons, the amount  
13 of the tax with respect to such business is, in the case of  
14 manufacturers, equal to the value of the product manufactured, or in  
15 the case of processors for hire, equal to the gross income of the  
16 business, multiplied by the rate of 0.275 percent.

17 (2) Upon every person engaging in making sales, at retail or  
18 wholesale, of manufactured alternative jet fuel; as to such persons,  
19 the amount of the tax with respect to such business is equal to the  
20 gross proceeds of sales of the alternative jet fuel, multiplied by  
21 the rate of 0.275 percent.

22 (3) For the purposes of this section, "alternative jet fuel" has  
23 the same meaning as in RCW 70A.535.010.

24 (4) A person reporting under the tax rate provided in this  
25 section must file a complete annual tax performance report with the  
26 department under RCW 82.32.534.

27 (5)(a) The tax rate under subsections (1) and (2) of this section  
28 takes effect on the first day of the first calendar quarter following  
29 the month in which the department receives notice from the department  
30 of ecology that there are one or more facilities operating in this  
31 state with a cumulative production capacity of at least 20,000,000  
32 gallons of alternative jet fuel each year, as required in section 3  
33 of this act.

34 (b) The tax rate expires nine calendar years after the close of  
35 the calendar year in which the tax rate under subsections (1) and (2)  
36 of this section takes effect.

37 NEW SECTION. **Sec. 10.** A new section is added to chapter 82.04  
38 RCW to read as follows:



1 (1) (a) Subject to the limits and provisions of this section, a  
2 credit is allowed against the tax otherwise due under this chapter  
3 for persons engaged in the manufacturing of alternative jet fuel.

4 (b) Except as provided in (c) of this subsection, the credit  
5 under this section is equal to \$1 for each gallon of alternative jet  
6 fuel that has at least 50 percent less carbon dioxide equivalent  
7 emissions than conventional jet fuel and is sold during the prior  
8 calendar year by:

9 (i) A business that produces alternative jet fuel and is located  
10 in a qualifying county; or

11 (ii) A business's designated alternative jet fuel blender that is  
12 located in this state.

13 (c) The credit amount under (b) of this subsection must increase  
14 by 2 cents for each additional one percent reduction in carbon  
15 dioxide equivalent emissions beyond 50 percent, not to exceed \$2 for  
16 each gallon of alternative jet fuel.

17 (d) A person may not receive credit under both (b) (i) and (ii) of  
18 this subsection.

19 (e) The credit under this section is calculated only on the  
20 portion of jet fuel that is considered alternative jet fuel and does  
21 not include conventional jet fuel when such fuels are blended or  
22 otherwise used in a jet fuel mixture.

23 (f) A credit under this section may not be claimed until the  
24 department of ecology verifies that there are one or more facilities  
25 operating in this state with cumulative production capacity of at  
26 least 20,000,000 gallons of alternative jet fuel each year and has  
27 provided such notice to the department.

28 (g) Contract pricing for sales of alternative jet fuel between a  
29 person claiming the credit under this section and the final consumer  
30 must reflect the per gallon credit under (b) and (c) of this  
31 subsection.

32 (2) A person may not receive credit under this section for  
33 amounts claimed as credits under section 11 of this act or chapter  
34 82.16 RCW.

35 (3) To claim a credit under this section a person must  
36 electronically file with the department all returns, forms, and any  
37 other information required by the department, in an electronic format  
38 as provided or approved by the department.

39 (4) To claim a credit under this section, the person applying  
40 must:

1 (a) Complete an application for the credit which must include:  
2 (i) The name, business address, and tax identification number of  
3 the applicant;  
4 (ii) Documentation of the total amount of alternative jet fuel  
5 manufactured and sold in the prior calendar year;  
6 (iii) Documentation sufficient for the department to verify that  
7 the alternative jet fuel for which the credit is being claimed meets  
8 the carbon intensity reduction benchmarks under subsection (1)(b) and  
9 (c) of this section, as certified by the department of ecology under  
10 section 3 of this act;  
11 (iv) Documentation sufficient to verify compliance with  
12 subsection (1)(g) of this section; and  
13 (v) Any other information deemed necessary by the department to  
14 support administration or reporting of the program.  
15 (b) Obtain a carbon intensity score from the department of  
16 ecology prior to submitting an application to the department.  
17 (5) The department must notify applicants of credit approval or  
18 denial within 60 days of receipt of a final application and  
19 documentation.  
20 (6) If a person fails to supply the information as required in  
21 subsection (4) of this section, the department must deny the  
22 application.  
23 (7)(a) The credit under this section may only be claimed against  
24 taxes due under section 9 of this act, less any taxable amount for  
25 which a credit is allowed under RCW 82.04.440.  
26 (b) A credit earned during one calendar year may be carried over  
27 and claimed against taxes incurred for the next subsequent calendar  
28 year but may not be carried over for any calendar year thereafter.  
29 (c) No refunds may be granted for credits under this section.  
30 (8) For the purposes of this section:  
31 (a) "Alternative jet fuel" has the same meaning as in RCW  
32 70A.535.010.  
33 (b) "Carbon dioxide equivalent" has the same meaning as in RCW  
34 70A.45.010.  
35 (c) "Qualifying county" means a county that has a population less  
36 than 650,000 at the time an application for a credit under this  
37 section is received by the department.  
38 (9)(a) Credits may be earned beginning on the first day of the  
39 first calendar quarter following the month in which notice under  
40 subsection (1)(f) of this section was received by the department.

1 (b) Credits may not be earned beginning nine calendar years after  
2 the close of the calendar year in which the credit may be earned, as  
3 provided in (a) of this subsection.

4 (10) A person claiming the credit provided in this section must  
5 file a complete annual tax performance report with the department  
6 under RCW 82.32.534.

7 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.04  
8 RCW to read as follows:

9 (1)(a) Subject to the limits and provisions of this section, a  
10 credit is allowed against the tax otherwise due under this chapter  
11 for persons engaged in the use of alternative jet fuel.

12 (b) Except as provided in (c) of this subsection, the credit  
13 under this section is equal to \$1 for each gallon of alternative jet  
14 fuel that has at least 50 percent less carbon dioxide equivalent  
15 emissions than conventional jet fuel and is purchased during the  
16 prior calendar year by a business for use as alternative jet fuel for  
17 flights departing in this state.

18 (c) The credit amount under (b) of this subsection must increase  
19 by 2 cents for each additional one percent reduction in carbon  
20 dioxide equivalent emissions beyond 50 percent, not to exceed \$2 for  
21 each gallon of alternative jet fuel.

22 (d) The credit under this section is calculated only on the  
23 portion of jet fuel that is considered alternative jet fuel and does  
24 not include conventional jet fuel when such fuels are blended or  
25 otherwise used in a jet fuel mixture.

26 (e) A credit under this section may not be claimed until the  
27 department of ecology verifies that there are one or more facilities  
28 operating in this state with cumulative production capacity of at  
29 least 20,000,000 gallons of alternative jet fuel each year and has  
30 provided such notice to the department.

31 (2) A person may not receive credit under this section for  
32 amounts claimed as credits under section 10 of this act or chapter  
33 82.16 RCW.

34 (3) To claim a credit under this section a person must  
35 electronically file with the department all returns, forms, and any  
36 other information required by the department, in an electronic format  
37 as provided or approved by the department.

38 (4) To claim a credit under this section, the person applying  
39 must:

1 (a) Complete an application for the credit which must include:  
2 (i) The name, business address, and tax identification number of  
3 the applicant;  
4 (ii) Documentation of the amount of alternative jet fuel  
5 purchased by the business in the prior calendar year;  
6 (iii) Documentation sufficient for the department to verify that  
7 the alternative jet fuel for which the credit is being claimed meets  
8 the carbon intensity reduction benchmarks under subsection (1)(b) and  
9 (c) of this section, as certified by the department of ecology under  
10 section 3 of this act; and  
11 (iv) Any other information deemed necessary by the department to  
12 support administration or reporting of the program.  
13 (b) Obtain a carbon intensity score from the department of  
14 ecology prior to submitting an application to the department.  
15 (5) The department must notify applicants of credit approval or  
16 denial within 60 days of receipt of a final application and  
17 documentation.  
18 (6) If a person fails to supply the information as required in  
19 subsection (4) of this section, the department must deny the  
20 application.  
21 (7)(a) The credit under this section may be used against any tax  
22 due under this chapter.  
23 (b) A credit earned during one calendar year may be carried over  
24 and claimed against taxes incurred for the next subsequent calendar  
25 year but may not be carried over for any calendar year thereafter.  
26 (c) No refunds may be granted for credits under this section.  
27 (8) For the purposes of this section:  
28 (a) "Alternative jet fuel" has the same meaning as in RCW  
29 70A.535.010.  
30 (b) "Carbon dioxide equivalent" has the same meaning as in RCW  
31 70A.45.010.  
32 (9)(a) Credits may be earned beginning on the first day of the  
33 first calendar quarter following the month in which notice under  
34 subsection (1)(e) of this section was received by the department.  
35 (b) Credits may not be earned beginning nine calendar years after  
36 the close of the calendar year in which the credit may be earned, as  
37 provided in (a) of this subsection.  
38 (10) A person claiming the credit provided in this section must  
39 file a complete annual tax performance report with the department  
40 under RCW 82.32.534.

1        NEW SECTION.    **Sec. 12.**    A new section is added to chapter 82.16  
2    RCW to read as follows:

3        (1)(a) Subject to the limits and provisions of this section, a  
4    credit is allowed against the tax otherwise due under this chapter  
5    for persons engaged in the use of alternative jet fuel.

6        (b) Except as provided in (c) of this subsection, the credit  
7    under this section is equal to \$1 for each gallon of alternative jet  
8    fuel that has at least 50 percent less carbon dioxide equivalent  
9    emissions than conventional jet fuel and is purchased during the  
10   prior calendar year by a business for use as alternative jet fuel for  
11   flights departing in this state.

12       (c) The credit amount under (b) of this subsection must increase  
13   by 2 cents for each additional one percent reduction in carbon  
14   dioxide equivalent emissions beyond 50 percent, not to exceed \$2 for  
15   each gallon of alternative jet fuel.

16       (d) The credit under this section is calculated only on the  
17   portion of jet fuel that is considered alternative jet fuel and does  
18   not include conventional jet fuel when such fuels are blended or  
19   otherwise used in a jet fuel mixture.

20       (e) A credit under this section may not be claimed until the  
21   department of ecology verifies that there are one or more facilities  
22   operating in this state with cumulative production capacity of at  
23   least 20,000,000 gallons of alternative jet fuel each year and has  
24   provided such notice to the department.

25       (2) A person may not receive credit under this section for  
26   amounts claimed as credits under chapter 82.04 RCW.

27       (3) To claim a credit under this section a person must  
28   electronically file with the department all returns, forms, and any  
29   other information required by the department, in an electronic format  
30   as provided or approved by the department.

31       (4) To claim a credit under this section, the person applying  
32   must:

33       (a) Complete an application for the credit which must include:

34       (i) The name, business address, and tax identification number of  
35   the applicant;

36       (ii) Documentation of the amount of alternative jet fuel  
37   purchased by the business in the prior calendar year;

38       (iii) Documentation sufficient for the department to verify that  
39   the alternative jet fuel for which the credit is being claimed meets  
40   the carbon intensity reduction benchmarks under subsection (1)(b) and

1 (c) of this section, as certified by the department of ecology under  
2 section 3 of this act; and

3 (iv) Any other information deemed necessary by the department to  
4 support administration or reporting of the program.

5 (b) Obtain a carbon intensity score from the department of  
6 ecology prior to submitting an application to the department.

7 (5) The department must notify applicants of credit approval or  
8 denial within 60 days of receipt of a final application and  
9 documentation.

10 (6) If a person fails to supply the information as required in  
11 subsection (4) of this section, the department must deny the  
12 application.

13 (7) (a) The credit under this section may be used against any tax  
14 due under this chapter.

15 (b) A credit earned during one calendar year may be carried over  
16 and claimed against taxes incurred for the next subsequent calendar  
17 year but may not be carried over for any calendar year thereafter.

18 (c) No refunds may be granted for credits under this section.

19 (8) The definitions in section 11 of this act apply to this  
20 section.

21 (9) (a) Credits may be earned beginning on the first day of the  
22 first calendar quarter following the month in which notice under  
23 subsection (1) (e) of this section was received by the department.

24 (b) Credits may not be earned beginning nine calendar years after  
25 the close of the calendar year in which the credit may be earned, as  
26 provided in (a) of this subsection.

27 (10) A person claiming the credit provided in this section must  
28 file a complete annual tax performance report with the department  
29 under RCW 82.32.534.

30 **Sec. 13.** RCW 70A.65.260 and 2022 c 179 s 17 are each amended to  
31 read as follows:

32 (1) The climate commitment account is created in the state  
33 treasury. The account must receive moneys distributed to the account  
34 from the climate investment account created in RCW 70A.65.250. Moneys  
35 in the account may be spent only after appropriation. Projects,  
36 activities, and programs eligible for funding from the account must  
37 be physically located in Washington state and include, but are not  
38 limited to, the following:

1 (a) Implementing the working families' tax ((~~rebate~~) credit in  
2 RCW 82.08.0206;

3 (b) Supplementing the growth management planning and  
4 environmental review fund established in RCW 36.70A.490 for the  
5 purpose of making grants or loans to local governments for the  
6 purposes set forth in RCW 43.21C.240, 43.21C.031, 36.70A.500, and  
7 36.70A.600, for costs associated with RCW 36.70A.610, and to cover  
8 costs associated with the adoption of optional elements of  
9 comprehensive plans consistent with RCW 43.21C.420;

10 (c) Programs, activities, or projects that reduce and mitigate  
11 impacts from greenhouse gases and copollutants in overburdened  
12 communities, including strengthening the air quality monitoring  
13 network to measure, track, and better understand air pollution levels  
14 and trends and to inform the analysis, monitoring, and pollution  
15 reduction measures required in RCW 70A.65.020;

16 (d) Programs, activities, or projects that deploy renewable  
17 energy resources, such as solar and wind power, and projects to  
18 deploy distributed generation, energy storage, demand-side  
19 technologies and strategies, and other grid modernization projects;

20 (e) Programs, activities, or projects that increase the energy  
21 efficiency or reduce greenhouse gas emissions of industrial  
22 facilities including, but not limited to, proposals to implement  
23 combined heat and power, district energy, or on-site renewables, such  
24 as solar and wind power, to upgrade the energy efficiency of existing  
25 equipment, to reduce process emissions, and to switch to less  
26 emissions intensive fuel sources;

27 (f) Programs, activities, or projects that achieve energy  
28 efficiency or emissions reductions in the agricultural sector  
29 including:

30 (i) Fertilizer management;

31 (ii) Soil management;

32 (iii) Bioenergy;

33 (iv) Biofuels;

34 (v) Grants, rebates, and other financial incentives for  
35 agricultural harvesting equipment, heavy-duty trucks, agricultural  
36 pump engines, tractors, and other equipment used in agricultural  
37 operations;

38 (vi) Grants, loans, or any financial incentives to food  
39 processors to implement projects that reduce greenhouse gas  
40 emissions;

- 1 (vii) Renewable energy projects;
- 2 (viii) Farmworker housing weatherization programs;
- 3 (ix) Dairy digester research and development;
- 4 (x) Alternative manure management; and
- 5 (xi) Eligible fund uses under RCW 89.08.615;
- 6 (g) Programs, activities, or projects that increase energy
- 7 efficiency in new and existing buildings, or that promote low carbon
- 8 architecture, including use of newly emerging alternative building
- 9 materials that result in a lower carbon footprint in the built
- 10 environment over the life cycle of the building and component
- 11 building materials;
- 12 (h) Programs, activities, or projects that promote the
- 13 electrification and decarbonization of new and existing buildings,
- 14 including residential, commercial, and industrial buildings;
- 15 (i) Programs, activities, or projects that improve energy
- 16 efficiency, including district energy, and investments in market
- 17 transformation of high efficiency electric appliances and equipment
- 18 for space and water heating;
- 19 (j) Clean energy transition and assistance programs, activities,
- 20 or projects that assist affected workers or people with lower incomes
- 21 during the transition to a clean energy economy, or grow and expand
- 22 clean manufacturing capacity in communities across Washington state
- 23 including, but not limited to:
- 24 (i) Programs, activities, or projects that directly improve
- 25 energy affordability and reduce the energy burden of people with
- 26 lower incomes, as well as the higher transportation fuel burden of
- 27 rural residents, such as bill assistance, energy efficiency, and
- 28 weatherization programs;
- 29 (ii) Community renewable energy projects that allow qualifying
- 30 participants to own or receive the benefits of those projects at
- 31 reduced or no cost;
- 32 (iii) Programs, activities, or other worker-support projects for
- 33 bargaining unit and nonsupervisory fossil fuel workers who are
- 34 affected by the transition away from fossil fuels to a clean energy
- 35 economy. Worker support may include, but is not limited to: (A) Full
- 36 wage replacement, health benefits, and pension contributions for
- 37 every worker within five years of retirement; (B) full wage
- 38 replacement, health benefits, and pension contributions for every
- 39 worker with at least one year of service for each year of service up
- 40 to five years of service; (C) wage insurance for up to five years for



1 workers reemployed who have more than five years of service; (D) up  
2 to two years of retraining costs, including tuition and related  
3 costs, based on in-state community and technical college costs; (E)  
4 peer counseling services during transition; (F) employment placement  
5 services, prioritizing employment in the clean energy sector; and (G)  
6 relocation expenses;

7 (iv) Direct investment in workforce development, via technical  
8 education, community college, institutions of higher education,  
9 apprenticeships, and other programs including, but not limited to:

10 (A) Initiatives to develop a forest health workforce established  
11 under RCW 76.04.521; and

12 (B) Initiatives to develop new education programs, emerging  
13 fields, or jobs pertaining to the clean energy economy;

14 (v) Transportation, municipal service delivery, and technology  
15 investments that increase a community's capacity for clean  
16 manufacturing, with an emphasis on communities in greatest need of  
17 job creation and economic development and potential for commute  
18 reduction;

19 (k) Programs, activities, or projects that reduce emissions from  
20 landfills and waste-to-energy facilities through diversion of organic  
21 materials, methane capture or conversion strategies, installation of  
22 gas collection devices and gas control systems, monitoring and  
23 reporting of methane emissions, or other means, prioritizing funding  
24 needed for any activities by local governments to comply with chapter  
25 70A.540 RCW;

26 (l) Carbon dioxide removal projects, programs, and activities;  
27 and

28 (m) Activities to support efforts to mitigate and adapt to the  
29 effects of climate change affecting Indian tribes, including capital  
30 investments in support of the relocation of Indian tribes located in  
31 areas at heightened risk due to anticipated sea level rise, flooding,  
32 or other disturbances caused by climate change. The legislature  
33 intends to dedicate at least \$50,000,000 per biennium from the  
34 account for purposes of this subsection.

35 (2) The state treasurer may, subject to funds appropriated for  
36 this specific purpose, transfer from the climate commitment account  
37 to the state general fund an amount equal to any reduction in state  
38 revenue from the preferential business and occupation tax rate under  
39 section 9 of this act and credits under sections 10 through 12 of

1 this act for the prior calendar year, as annually determined by the  
2 department of revenue.

3 (3) Moneys in the account may not be used for projects or  
4 activities that would violate tribal treaty rights or result in  
5 significant long-term damage to critical habitat or ecological  
6 functions. Investments from this account must result in long-term  
7 environmental benefits and increased resilience to the impacts of  
8 climate change.

9 NEW SECTION. **Sec. 14.** If any provision of this act or its  
10 application to any person or circumstance is held invalid, the  
11 remainder of the act or the application of the provision to other  
12 persons or circumstances is not affected.

13 NEW SECTION. **Sec. 15.** RCW 82.32.805 does not apply to this act.

14 NEW SECTION. **Sec. 16.** Sections 9 through 13 of this act take  
15 effect July 1, 2024.

16 NEW SECTION. **Sec. 17.** Sections 1 through 7 of this act are  
17 necessary for the immediate preservation of the public peace, health,  
18 or safety, or support of the state government and its existing public  
19 institutions, and take effect July 1, 2023.

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