

SENATE BILL REPORT

SB 5630

As of February 17, 2025

Title: An act relating to continuing to provide payments to support farm fuel users and transporters for exempt fuel under the Washington climate commitment act.

Brief Description: Continuing to provide payments to support farm fuel users and transporters for exempt fuel under the Washington climate commitment act.

Sponsors: Senators Dozier, Boehnke, Braun, Christian, Fortunato, Goehner, Lovick, MacEwen, McCune, Muzzall, Schoesler, Short, Torres, Trudeau, Wagoner and Wilson, J..

Brief History:

Committee Activity: Environment, Energy & Technology: 2/19/25.

Brief Summary of Bill

- Removes the five-year limitation on the expanded exemption in the Cap-and-Invest Program (Program) for fuels used to transport agricultural products on public highways.
- Provides legislative intent to continue providing payments to support farm fuel users and transporters who have purchased fuel for agricultural purposes that is exempt under the Program.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Staff: Matt Shepard-Koningsor (786-7627)

Background: Cap-and-Invest Program. In 2021, as part of the Climate Commitment Act, the Legislature directed the Department of Ecology (Ecology) to implement a Cap-and-Invest Program (Program), which is a market-based system designed to achieve the greenhouse gas (GHG) limits set in state law. Under the Program, covered entities must either reduce their GHG emissions or obtain compliance instruments—allowances or offset

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credits—equal to their covered emissions.

The Program covers approximately 75 percent of statewide GHG emissions. Emissions exempt from coverage under the Program include, in part, emissions from: (1) combustion of aviation fuels and certain watercraft fuels, (2) certain coal-fired electric generation facilities, and (3) combustion of biomass or biofuels.

There are two emissions exemptions applying to the agricultural sector. First, there is an exemption for motor vehicle fuel or special fuel used exclusively for agricultural purposes by a farm fuel user. This exemption is available only if a fuel purchaser provides the fuel seller with an exemption certificate, as prescribed by Ecology. Agricultural purposes means the performance of activities directly related to the growing, raising, or producing of agricultural products. Farm fuel user means a farmer, or a person who provides horticultural services for farmers, such as services associated with soil preparation, and crop cultivation and harvesting. Second, there is a temporary, five-year exemption for fuels used to transport agricultural products on public highways. This expanded exemption expires January 1, 2028.

2023-25 Operating Budget. The 2023-25 Biennial Operating Budget appropriated \$30 million to the Department of Licensing to administer a tiered payment system providing funding to farm fuel users and transporters who purchased fuel for agricultural purposes.

Summary of Bill: The five-year limitation on the expanded exemption for fuels used to transport agricultural products on public highways is removed.

Legislative intent language states that the Legislature intends to provide payments to support farm fuel users and transporters who have purchased fuel for agricultural purposes that is exempt under the Program.

Appropriation: None.

Fiscal Note: Requested on February 15, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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