

**EIGHTY EIGHTH DAY**

**MORNING SESSION**

Senate Chamber, Olympia  
Thursday, April 8, 2021

The Senate was called to order at 10:00 o'clock a.m. by the President of the Senate, Lt. Governor Heck presiding. The Secretary called the roll and announced to the President that all Senators were present.

The Washington State Patrol Honor Guard presented the Colors.

Miss Raia Gulam led the Senate in the Pledge of Allegiance. Miss Gulam is a student at Lake Washington High School, Kirkland and guest of Senator Dhingra.

The prayer was offered by Dr. Ross Holtz, Senior Pastor of The Summit Evangelical Free Church, Enumclaw.

**MOTIONS**

On motion of Senator Liias, the reading of the Journal of the previous day was dispensed with and it was approved.

On motion of Senator Liias, the Senate advanced to the third order of business.

**MESSAGE FROM THE GOVERNOR**

April 07, 2021

To the Honorable President and Members,  
The Senate of the State of Washington

Ladies and Gentlemen:

I have the honor to advise you that on April 7, 2021, Governor Insee approved the following Senate Bills entitled:

**Senate Bill No. 5021**

Relating to the effect of expenditure reduction efforts on retirement benefits for public employees, including those participating in the shared work program.

**Substitute Senate Bill No. 5055**

Relating to establishing a statewide roster for arbitrating law enforcement personnel disciplinary grievances and publishing their decisions.

**Senate Bill No. 5058**

Relating to making technical changes to certain natural resources-related accounts.

**Senate Bill No. 5077**

Relating to providing authority to licensed companies to allow licensed mortgage loan originators to work from their residences without the company licensing the residence as a branch office of the company.

**Substitute Senate Bill No. 5179**

Relating to blood donation.

**Senate Bill No. 5198**

Relating to personnel restrictions on ambulances in rural areas.

**Senate Bill No. 5322**

Relating to prohibiting dual enrollment between school employees' benefits board and public employees' benefits board programs.

**Senate Bill No. 5338**

Relating to fire protection districts and education.

Sincerely,

/s/

Drew Shirk, Executive Director of Legislative Affairs

**MOTION**

On motion of Senator Liias, the Senate advanced to the fourth order of business.

**MESSAGE FROM THE HOUSE**

April 7, 2021

MR. PRESIDENT:

The Speaker has signed:

HOUSE BILL NO. 1001,  
HOUSE BILL NO. 1009,  
HOUSE BILL NO. 1023,  
HOUSE BILL NO. 1031,  
HOUSE BILL NO. 1063,  
HOUSE BILL NO. 1072,  
HOUSE BILL NO. 1087,  
HOUSE BILL NO. 1096,

SECOND SUBSTITUTE HOUSE BILL NO. 1148,  
ENGROSSED HOUSE BILL NO. 1192,  
SUBSTITUTE HOUSE BILL NO. 1209,  
SUBSTITUTE HOUSE BILL NO. 1221,  
SUBSTITUTE HOUSE BILL NO. 1276,  
SUBSTITUTE HOUSE BILL NO. 1331,  
ENGROSSED HOUSE BILL NO. 1342,  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1372,  
SUBSTITUTE HOUSE BILL NO. 1424,  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1426,  
SUBSTITUTE HOUSE BILL NO. 1445,  
SUBSTITUTE HOUSE BILL NO. 1446,  
HOUSE BILL NO. 1469,  
SUBSTITUTE HOUSE BILL NO. 1493,  
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1521,  
and the same are herewith transmitted.

BERNARD DEAN, Chief Clerk

**MOTION**

On motion of Senator Liias, the Senate advanced to the fifth order of business.

**INTRODUCTION AND FIRST READING**

**SB 5481** by Senators Hobbs, Cleveland, Das, Keiser, Kuderer, Randall, Sheldon, Wilson, C.

AN ACT Relating to authorizing bonds for transportation funding; adding new sections to chapter 47.10 RCW; and declaring an emergency.

Referred to Committee on Transportation.

SB 5482 by Senators Hobbs, Cleveland, Das, Keiser, Kuderer, Padden, Randall, Sheldon, Wilson, C.

AN ACT Relating to additive transportation funding and appropriations; creating new sections; making appropriations; and declaring an emergency.

Referred to Committee on Transportation.

SB 5483 by Senators Hobbs, Cleveland, Das, Keiser, Kuderer, Randall, Sheldon, Wilson, C.

AN ACT Relating to transportation funding; amending RCW 82.38.030, 46.68.090, 46.09.520, 46.10.530, 79A.25.070, 82.42.020, 82.08.020, 82.12.020, 46.17.355, 46.17.365, 46.17.400, 46.68.455, 46.17.200, 46.17.100, 46.17.160, 46.68.025, 46.17.120, 46.17.015, 46.17.025, 46.17.345, 46.17.350, 46.68.035, 46.12.635, 46.12.630, 46.20.202, 46.20.161, 46.20.161, 46.20.181, 46.20.117, 46.68.041, 46.68.041, 46.52.130, 46.20.200, 47.60.315, 47.60.322, 82.49.010, 82.49.030, 46.17.323, 46.17.324, 42.56.330, 82.21.030, 46.70.180, 82.32.385, 47.68.250, 47.68.250, 47.68.020, 47.56.850, and 47.46.100; reenacting and amending RCW 46.20.117, 43.84.092, and 43.84.092; adding a new section to chapter 36.01 RCW; adding a new section to chapter 46.01 RCW; adding a new section to chapter 82.02 RCW; adding a new section to chapter 46.17 RCW; adding a new section to chapter 46.08 RCW; adding new sections to chapter 46.68 RCW; adding a new section to chapter 47.46 RCW; adding a new section to chapter 47.68 RCW; repealing RCW 46.17.323, 47.46.190, and 47.46.200; repealing 2018 c 195 s 3; prescribing penalties; providing effective dates; providing a contingent effective date; providing expiration dates; and declaring an emergency.

Referred to Committee on Transportation.

HB 1316 by Representatives Cody, Macri, Duerr, Santos, Bateman and Lekanoff

AN ACT Relating to the hospital safety net assessment; amending RCW 74.60.005, 74.60.020, 74.60.090, and 74.60.901; providing an effective date; providing an expiration date; and declaring an emergency.

Referred to Committee on Ways & Means.

#### MOTIONS

On motion of Senator Liias, all measures listed on the Introduction and First Reading report were referred to the committees as designated.

On motion of Senator Liias, the Senate advanced to the eighth order of business.

#### MOTION

Senator Honeyford moved adoption of the following resolution:

#### SENATE RESOLUTION 8612

By Senators Honeyford, Braun, Brown, Dhingra, Ericksen, Fortunato, Hasegawa, King, Mullet, Muzzall, Rivers, Salomon, Schoesler, Wagoner, Warnick, Wilson, J., and Wilson, L.

WHEREAS, The people of the State of Washington and the

people of Taiwan are bonded by their shared commitment to democracy, human rights, the rule of law, and a free market economy; and

WHEREAS, Taiwan is the 10th largest trading partner of the United States, with bilateral trade totaling \$85.5 billion in 2019; and

WHEREAS, In 2019, Washington State exported approximately \$1.8 billion worth of products to Taiwan, making Taiwan the 4th largest export market for the state in Asia; and

WHEREAS, Taiwan is the 6th largest export destination for United States agricultural goods, and has ranked among the top three importers of Washington apples, beef, and wheat; and

WHEREAS, Taiwanese companies that invest in Washington State, including WaferTech, Eva Air, Evergreen Marine, Yang Mine Marine Transport, and Lightel Technologies, and others, have helped to create more than 15,000 jobs in this state; and

WHEREAS, The United States Congress passed the landmark Taiwan Relation Act in 1979 to sustain a close, bilateral relationship as well as to advance mutual security and commercial interests between the United States and Taiwan; and

WHEREAS, Taiwan has a strong economy and the people of Taiwan are dedicated to democratic freedoms; and

WHEREAS, The United States government has expressed views similar to those of the people of Taiwan before various international bodies and organizations; and

WHEREAS, Taiwan is one of the world's biggest suppliers of medical-grade masks and one of the few places to have successfully battled back COVID-19; and

WHEREAS, The people of Taiwan generously donated more than 2,000,000 medical face masks to the people of the United States in the early days of the pandemic, including 100,000 masks for use by medical personnel, first responders, and election staff workers, which were delivered to the State of Washington on behalf of the Taiwanese people and received by Washington Secretary of State Kim Wyman on May 8th; and

WHEREAS, The people of Washington recognize the importance of a strong and enduring partnership with the people of Taiwan;

NOW, THEREFORE, BE IT RESOLVED, That the Washington State Senate honor the historic trade partnership, the continued cooperative relationship, and the enduring mutual appreciation and affection of our peoples.

Senators Honeyford, King, Salomon, Wagoner, Rivers and Dozier spoke in favor of adoption of the resolution.

The President declared the question before the Senate to be the adoption of Senate Resolution No. 8612.

The motion by Senator Honeyford carried and the resolution was adopted by voice vote.

#### MOTION

At 10:19 a.m., on motion of Senator Liias, the Senate was declared to be at ease subject to the call of the President.

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The Senate was called to order at 11:52 a.m. by President Heck.

#### MOTION

On motion of Senator Liias, the Senate reverted to the sixth order of business.

#### SECOND READING

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SECOND SUBSTITUTE HOUSE BILL NO. 1325, by House Committee on Appropriations (originally sponsored by Callan, Eslick, Leavitt, Fitzgibbon, Thai, Duerr, Senn, Ortiz-Self, Davis, Bergquist, Ramos, Lekanoff, Pollet, Dent and Goodman)

Implementing policies related to children and youth behavioral health.

The measure was read the second time.

#### MOTION

On motion of Senator Dhingra, the rules were suspended, Second Substitute House Bill No. 1325 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Dhingra, Wagoner and Brown spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Second Substitute House Bill No. 1325.

#### ROLL CALL

The Secretary called the roll on the final passage of Second Substitute House Bill No. 1325 and the bill passed the Senate by the following vote: Yeas, 49; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Darneille, Das, Dhingra, Dozier, Erickson, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Hobbs, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Lias, Lovelett, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Robinson, Rolfes, Saldaña, Salomon, Schoesler, Sheldon, Short, Stanford, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

SECOND SUBSTITUTE HOUSE BILL NO. 1325, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

SUBSTITUTE HOUSE BILL NO. 1514, by House Committee on Transportation (originally sponsored by Taylor, Ramos and Harris-Talley)

Addressing transportation demand management.

The measure was read the second time.

#### MOTION

Senator Rolfes moved that the following committee striking amendment by the Committee on Ways & Means be adopted:

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 46.18.285 and 2020 c 18 s 17 are each amended to read as follows:

(1) A registered owner who uses a passenger motor vehicle for ((commuter)) ride sharing or ride sharing for persons with special transportation needs, as defined in RCW 46.74.010, shall apply to the department, county auditor or other agent, or subagent appointed by the director for special ride share license plates. The registered owner must qualify for the tax exemptions provided in

RCW 82.08.0287, 82.12.0282, or 82.44.015, and pay the special ride share license plate fee required under RCW 46.17.220(18) when the special ride share license plates are initially issued.

(2) The special ride share license plates:

(a) Must be of a distinguishing separate numerical series or design as defined by the department;

(b) Must be returned to the department when no longer in use or when the registered owner no longer qualifies for the tax exemptions provided in subsection (1) of this section; and

(c) Are not required to be renewed annually for motor vehicles described in RCW 46.16A.170.

(3) Special ride share license plates may be transferred from one motor vehicle to another motor vehicle as described in subsection (1) of this section upon application to the department, county auditor or other agent, or subagent appointed by the director.

(4) Any person who knowingly makes a false statement of a material fact in the application for a special license plate under subsection (1) of this section is guilty of a gross misdemeanor.

Sec. 2. RCW 46.74.010 and 2014 c 97 s 501 are each amended to read as follows:

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

(1) ("Commuter ride sharing" means a car pool or van pool arrangement whereby one or more fixed groups not exceeding fifteen persons each including the drivers, and (a) not fewer than five persons including the drivers, or (b) not fewer than four persons including the drivers where at least two of those persons are confined to wheelchairs when riding, are transported in a passenger motor vehicle with a gross vehicle weight not exceeding ten thousand pounds, excluding special rider equipment, between their places of abode or termini near such places, and their places of employment or educational or other institutions, each group in a single daily round trip where the drivers are also on the way to or from their places of employment or educational or other institution.

(2) "Flexible commuter ride sharing" means a car pool or van pool arrangement whereby a group of at least two but not exceeding fifteen persons including the driver is transported in a passenger motor vehicle with a gross vehicle weight not exceeding ten thousand pounds, excluding special rider equipment, between their places of abode or termini near such places, and their places of employment or educational or other institutions, where the driver is also on the way to or from his or her place of employment or educational or other institution.

(3)) "Persons with special transportation needs" has the same meaning as provided in RCW 81.66.010.

((4)) (2) "Ride sharing" means a carpool or vanpool arrangement whereby one or more groups not exceeding 15 persons each including the drivers, and not fewer than three persons including the drivers are transported in a passenger motor vehicle with a gross vehicle weight not exceeding 10,000 pounds. "Ride sharing" does not include transportation provided in the normal course of business by entities that are subject to chapters 46.72A, 48.177, 81.66, 81.68, 81.70, and 81.72 RCW, or offer peer-to-peer car sharing. For purposes of this section, "peer-to-peer car sharing" means motor vehicle owners making their motor vehicles available for persons to rent for short periods of time.

(3) "Ride sharing for persons with special transportation needs" means an arrangement whereby a group of persons with special transportation needs, and their attendants, is transported by a public social service agency or a private, nonprofit transportation provider, as defined in RCW 81.66.010, serving persons with special needs, in a passenger motor vehicle as defined by the department to include small buses, cutaways, and modified vans

not more than twenty-eight feet long((: PROVIDED, That the)),  
The driver need not be a person with special transportation needs.

((5)) (4) "Ride-sharing operator" means the person, entity, or concern, not necessarily the driver, responsible for the existence and continuance of ((commuter)) ride sharing((, flexible commuter ride sharing,)) or ride sharing for persons with special transportation needs. The term "ride-sharing operator" includes but is not limited to an employer, an employer's agent, an employer-organized association, a state agency, a county, a city, a public transportation benefit area, a public transportation agency, or any other political subdivision that owns or leases a ride-sharing vehicle.

((6)) (5) "Ride-sharing promotional activities" means those activities involved in forming a ((commuter)) ride-sharing arrangement ((or a flexible commuter ride-sharing arrangement,)) including, but not limited to, receiving information from existing and prospective ride-sharing participants, sharing that information with other existing and prospective ride-sharing participants, matching those persons with other existing or prospective ride-sharing participants, and making assignments of persons to ride-sharing arrangements.

**Sec. 3.** RCW 46.74.030 and 1997 c 250 s 9 are each amended to read as follows:

The operator and the driver of a ((commuter)) ride-sharing vehicle ((or a flexible commuter ride-sharing vehicle)) shall be held to a reasonable and ordinary standard of care, and are not subject to ordinances or regulations which relate exclusively to the regulation of drivers or owners of motor vehicles operated for hire, or other common carriers or public transit carriers. No person, entity, or concern may, as a result of engaging in ride-sharing promotional activities, be liable for civil damages arising directly or indirectly (1) from the maintenance and operation of a ((commuter)) ride-sharing ((or flexible commuter ride-sharing)) vehicle; or (2) from an intentional act of another person who is participating or proposing to participate in a ((commuter)) ride-sharing ((or flexible commuter ride-sharing)) arrangement, unless the ride-sharing operator or promoter had prior, actual knowledge that the intentional act was likely to occur and had a reasonable ability to prevent the act from occurring.

**NEW SECTION. Sec. 4.** The department of transportation and the commute trip reduction board shall prepare a report regarding, and an update to, the statutes governing the commute trip reduction program, within existing resources. The department of transportation shall provide the transportation committees of the legislature with the report and update by October 1, 2021.

**Sec. 5.** RCW 82.04.355 and 1999 c 358 s 8 are each amended to read as follows:

This chapter does not apply to any funds received in the course of ((commuter)) ride sharing or ride sharing for persons with special transportation needs in accordance with RCW 46.74.010.

**Sec. 6.** RCW 82.08.0287 and 2020 c 20 s 1472 are each amended to read as follows:

(1) The tax imposed by this chapter does not apply to sales of passenger motor vehicles which are to be used primarily for ((commuter)) ride sharing or ride sharing for persons with special transportation needs, as defined in RCW 46.74.010, if the vehicles are used as ride-sharing vehicles for thirty-six consecutive months beginning from the date of purchase.

(2)(a) To qualify for the tax exemption, those passenger motor vehicles with ((five)) three or ((six)) more passengers, including the driver, used for ((commuter)) ride sharing, must be operated either within the state's eight largest counties that are required to develop commute trip reduction plans as directed by chapter 70A.15 RCW ((or)),<sub>1</sub> in other counties, or cities and towns within those counties, that elect to adopt and implement a commute trip reduction plan, or in other counties where the vehicle is registered

with or operated by a public transportation agency. Additionally at least one of the following conditions must apply: (((a))) (i) The vehicle must be operated by a public transportation agency for the benefit of the general public; or (((b))) (ii) the vehicle must be used by a major employer, as defined in RCW 70A.15.4010 as an element of its commute trip reduction program for their employees; or (((c))) (iii) the vehicle must be owned and operated by individual employees and must be registered either with the employer as part of its commute trip reduction program or with a public transportation agency ((serving the area where the employees live or work)). Individual employee owned and operated motor vehicles will require certification that the vehicle is registered with a major employer or a public transportation agency. Major employers who own and operate motor vehicles for their employees must certify that the ((commuter)) ride-sharing arrangement conforms to a carpool/vanpool element contained within their commute trip reduction program.

(b) Notwithstanding the ridership requirements under (a) of this subsection (2), unless the vehicle is operated by a public transportation agency, the vehicle must be used for ride sharing in the transport of at least five passengers.

**Sec. 7.** RCW 82.12.0282 and 2020 c 20 s 1477 are each amended to read as follows:

(1) The tax imposed by this chapter does not apply with respect to the use of passenger motor vehicles used primarily for ((commuter)) ride sharing or ride sharing for persons with special transportation needs, as defined in RCW 46.74.010, if the vehicles are used as ride-sharing vehicles for thirty-six consecutive months beginning with the date of first use.

(2)(a) To qualify for the tax exemption, those passenger motor vehicles with ((five)) three or ((six)) more passengers, including the driver, used for ((commuter)) ride sharing, must be operated either within the state's eight largest counties that are required to develop commute trip reduction plans as directed by chapter 70A.15 RCW ((or)),<sub>1</sub> in other counties, or cities and towns within those counties, that elect to adopt and implement a commute trip reduction plan, or in other counties where the vehicle is registered with or operated by a public transportation agency. Additionally at least one of the following conditions must apply: (((a))) (i) The vehicle must be operated by a public transportation agency for the benefit of the general public; or (((b))) (ii) the vehicle must be used by a major employer, as defined in RCW 70A.15.4010 as an element of its commute trip reduction program for their employees; or (((c))) (iii) the vehicle must be owned and operated by individual employees and must be registered either with the employer as part of its commute trip reduction program or with a public transportation agency ((serving the area where the employees live or work)). Individual employee owned and operated motor vehicles will require certification that the vehicle is registered with a major employer or a public transportation agency. Major employers who own and operate motor vehicles for their employees must certify that the ((commuter)) ride-sharing arrangement conforms to a carpool/vanpool element contained within their commute trip reduction program.

(b) Notwithstanding the ridership requirements under (a) of this subsection (2), unless the vehicle is operated by a public transportation agency, the vehicle must be used for ride sharing in the transport of at least five passengers.

**Sec. 8.** RCW 82.16.047 and 1999 c 358 s 12 are each amended to read as follows:

This chapter does not apply to any funds received in the course of ((commuter)) ride sharing or ride sharing for persons with special transportation needs in accordance with RCW 46.74.010.

**Sec. 9.** RCW 82.44.015 and 2020 c 20 s 1488 are each amended to read as follows:

(1) Passenger motor vehicles used primarily for ((commuter))

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ride sharing and ride sharing for persons with special transportation needs, as defined in RCW 46.74.010, are not subject to the motor vehicle excise tax authorized under this chapter if the vehicles are used as ride-sharing vehicles for thirty-six consecutive months beginning from the date of purchase.

(2) To qualify for the motor vehicle excise tax exemption for ((commuter)) ride-sharing vehicles, passenger motor vehicles must:

(a) Have a seating capacity of ((five)) three or ((six)) more passengers, including the driver;

(b) Be used for ((commuter)) ride sharing;

(c) Be operated either within:

(i) The state's eight largest counties that are required to develop commute trip reduction plans as directed by chapter 70A.15 RCW; ((or))

(ii) ((In other)) Other counties, or cities and towns within those counties, that elect to adopt and implement a commute trip reduction plan; or

(iii) Other counties, where the vehicle is registered with or operated by a public transportation agency; and

(d) Meet at least one of the following conditions:

(i) The vehicle must be operated by a public transportation agency for the benefit of the general public;

(ii) The vehicle must be used by a major employer, as defined in RCW 70A.15.4010 as an element of its commute trip reduction program for their employees; or

(iii) The vehicle must be owned and operated by individual employees and must be registered either with the employer as part of its commute trip reduction program or with a public transportation agency ((serving the area where the employees live or work)). Individual employee owned and operated motor vehicles will require certification that the vehicle is registered with a major employer or a public transportation agency. Major employers who own and operate motor vehicles for their employees must certify that the ((commuter)) ride-sharing arrangement conforms to a carpool/vanpool element contained within their commute trip reduction program.

(3) The registered owner of a passenger motor vehicle described in subsection (2) of this section:

(a) Shall notify the department upon the termination of the primary use of the vehicle in ((commuter)) ride sharing or ride sharing for persons with special transportation needs; and

(b) Is liable for the motor vehicle excise tax imposed under this chapter, prorated on the remaining months for which the vehicle is registered.

**Sec. 10.** RCW 82.70.010 and 2005 c 297 s 1 are each amended to read as follows:

The definitions in this section apply throughout this chapter and RCW 70.94.996 unless the context clearly requires otherwise.

(1) "Public agency" means any county, city, or other local government agency or any state government agency, board, or commission.

(2) "Public transportation" means the same as "public transportation service" as defined in RCW 36.57A.010 and includes passenger services of the Washington state ferries.

(3) "Nonmotorized commuting" means commuting to and from the workplace by an employee by walking or running or by riding a bicycle or other device not powered by a motor.

(4) "Ride sharing" means the same as "(flexible commuter) ride sharing" as defined in RCW 46.74.010, including ride sharing on Washington state ferries.

(5) "Car sharing" means a membership program intended to offer an alternative to car ownership under which persons or entities that become members are permitted to use vehicles from

a fleet on an hourly basis.

(6) "Telework" means a program where work functions that are normally performed at a traditional workplace are instead performed by an employee at his or her home at least one day a week for the purpose of reducing the number of trips to the employee's workplace.

(7) "Applicant" means a person applying for a tax credit under this chapter.

NEW SECTION. **Sec. 11.** This act takes effect September 1, 2021."

On page 1, line 1 of the title, after "management;" strike the remainder of the title and insert "amending RCW 46.18.285, 46.74.010, 46.74.030, 82.04.355, 82.08.0287, 82.12.0282, 82.16.047, 82.44.015, and 82.70.010; creating a new section; and providing an effective date."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means to Substitute House Bill No. 1514.

The motion by Senator Rolfes carried and the committee striking amendment was adopted by voice vote.

#### MOTION

On motion of Senator Rolfes, the rules were suspended, Substitute House Bill No. 1514, as amended by the Senate, was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Rolfes, King and Hobbs spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1514 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1514, as amended by the Senate, and the bill passed the Senate by the following vote: Yeas, 45; Nays, 4; Absent, 0; Excused, 0.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Darneille, Das, Dhingra, Dozier, Ericksen, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Hobbs, Holy, Hunt, Keiser, King, Kuderer, Lias, Lovelett, McCune, Mullet, Muzzall, Nguyen, Nobles, Pedersen, Randall, Rivers, Robinson, Rolfes, Saldaña, Solomon, Sheldon, Short, Stanford, Van De Wege, Wagoner, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Honeyford, Padden, Schoesler and Warnick

SUBSTITUTE HOUSE BILL NO. 1514, as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

The Senate resumed consideration on Engrossed Substitute House Bill No. 1236 which it had deferred on April 5, 2021. Striking floor amendment no. 576 was before the body for purpose of amendment.

#### SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1236, by House Committee on Housing, Human Services & Veterans

(originally sponsored by Macri, Taylor, Dolan, Gregerson, Berry, Fitzgibbon, Frame, Simmons, Ramel, Bateman, J. Johnson, Hackney, Chopp, Thai, Peterson, Santos, Orwall, Ortiz-Self, Ryu, Wicks, Lekanoff, Slatter, Berg, Senn, Harris-Talley, Ormsby and Pollet)

Protecting residential tenants from the beginning to end of their tenancies by penalizing the inclusion of unlawful lease provisions and limiting the reasons for eviction, refusal to continue, and termination.

#### WITHDRAWAL OF AMENDMENT

On motion of Senator Fortunato and without objection, floor amendment no. 597 by Senator Fortunato on page 8, line 25 to Engrossed Substitute House Bill No. 1236 was withdrawn.

#### WITHDRAWAL OF AMENDMENT

On motion of Senator Short and without objection, floor amendment no. 598 by Senator Short on page 12, line 9 to Engrossed Substitute House Bill No. 1236 was withdrawn.

#### WITHDRAWAL OF AMENDMENT

On motion of Senator Honeyford and without objection, floor amendment no. 587 by Senator Honeyford on page 12, line 12 to Engrossed Substitute House Bill No. 1236 was withdrawn.

#### WITHDRAWAL OF AMENDMENT

On motion of Senator Gildon and without objection, floor amendment no. 599 by Senator Gildon on page 12, line 12 to Engrossed Substitute House Bill No. 1236 was withdrawn.

#### WITHDRAWAL OF AMENDMENT

On motion of Senator Gildon and without objection, floor amendment no. 600 by Senator Gildon on page 12, line 12 to Engrossed Substitute House Bill No. 1236 was withdrawn.

#### WITHDRAWAL OF AMENDMENT

On motion of Senator Warnick and without objection, floor amendment no. 601 by Senator Warnick on page 12, line 31 to Engrossed Substitute House Bill No. 1236 was withdrawn.

#### WITHDRAWAL OF AMENDMENT

On motion of Senator Fortunato and without objection, floor amendment no. 588 by Senator Fortunato on page 18, line 40 to Engrossed Substitute House Bill No. 1236 was withdrawn.

Senator Mullet spoke against adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of striking floor amendment no. 576 by Senator Mullet to Engrossed Substitute House Bill No. 1236.

The motion by Senator Mullet did not carry and striking floor amendment no. 576 was not adopted by voice vote.

#### MOTION

Senator Mullet moved that the following striking floor amendment no. 672 by Senator Mullet be adopted:

Strike everything after the enacting clause and insert the

following:

"Sec. 1. RCW 59.18.030 and 2019 c 356 s 5, 2019 c 232 s 24, and 2019 c 23 s 1 are each reenacted and amended to read as follows:

As used in this chapter:

(1) "Active duty" means service authorized by the president of the United States, the secretary of defense, or the governor for a period of more than ~~((thirty))~~ 30 consecutive days.

(2) "Certificate of inspection" means an unsworn statement, declaration, verification, or certificate made in accordance with the requirements of chapter 5.50 RCW by a qualified inspector that states that the landlord has not failed to fulfill any substantial obligation imposed under RCW 59.18.060 that endangers or impairs the health or safety of a tenant, including (a) structural members that are of insufficient size or strength to carry imposed loads with safety, (b) exposure of the occupants to the weather, (c) plumbing and sanitation defects that directly expose the occupants to the risk of illness or injury, (d) not providing facilities adequate to supply heat and water and hot water as reasonably required by the tenant, (e) providing heating or ventilation systems that are not functional or are hazardous, (f) defective, hazardous, or missing electrical wiring or electrical service, (g) defective or hazardous exits that increase the risk of injury to occupants, and (h) conditions that increase the risk of fire.

(3) "Commercially reasonable manner," with respect to a sale of a deceased tenant's personal property, means a sale where every aspect of the sale, including the method, manner, time, place, and other terms, must be commercially reasonable. If commercially reasonable, a landlord may sell the tenant's property by public or private proceedings, by one or more contracts, as a unit or in parcels, and at any time and place and on any terms.

(4) "Comprehensive reusable tenant screening report" means a tenant screening report prepared by a consumer reporting agency at the direction of and paid for by the prospective tenant and made available directly to a prospective landlord at no charge, which contains all of the following: (a) A consumer credit report prepared by a consumer reporting agency within the past ~~((thirty))~~ 30 days; (b) the prospective tenant's criminal history; (c) the prospective tenant's eviction history; (d) an employment verification; and (e) the prospective tenant's address and rental history.

(5) "Criminal history" means a report containing or summarizing (a) the prospective tenant's criminal convictions and pending cases, the final disposition of which antedates the report by no more than seven years, and (b) the results of a sex offender registry and United States department of the treasury's office of foreign assets control search, all based on at least seven years of address history and alias information provided by the prospective tenant or available in the consumer credit report.

(6) "Designated person" means a person designated by the tenant under RCW 59.18.590.

(7) "Distressed home" has the same meaning as in RCW 61.34.020.

(8) "Distressed home conveyance" has the same meaning as in RCW 61.34.020.

(9) "Distressed home purchaser" has the same meaning as in RCW 61.34.020.

(10) "Dwelling unit" is a structure or that part of a structure which is used as a home, residence, or sleeping place by one person or by two or more persons maintaining a common household, including but not limited to single-family residences and units of multiplexes, apartment buildings, and mobile homes.

(11) "Eviction history" means a report containing or summarizing the contents of any records of unlawful detainer

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actions concerning the prospective tenant that are reportable in accordance with state law, are lawful for landlords to consider, and are obtained after a search based on at least seven years of address history and alias information provided by the prospective tenant or available in the consumer credit report.

(12) "Gang" means a group that: (a) Consists of three or more persons; (b) has identifiable leadership or an identifiable name, sign, or symbol; and (c) on an ongoing basis, regularly conspires and acts in concert mainly for criminal purposes.

(13) "Gang-related activity" means any activity that occurs within the gang or advances a gang purpose.

(14) "In danger of foreclosure" means any of the following:

(a) The homeowner has defaulted on the mortgage and, under the terms of the mortgage, the mortgagee has the right to accelerate full payment of the mortgage and repossess, sell, or cause to be sold the property;

(b) The homeowner is at least (~~(thirty)~~) 30 days delinquent on any loan that is secured by the property; or

(c) The homeowner has a good faith belief that he or she is likely to default on the mortgage within the upcoming four months due to a lack of funds, and the homeowner has reported this belief to:

(i) The mortgagee;

(ii) A person licensed or required to be licensed under chapter 19.134 RCW;

(iii) A person licensed or required to be licensed under chapter 19.146 RCW;

(iv) A person licensed or required to be licensed under chapter 18.85 RCW;

(v) An attorney-at-law;

(vi) A mortgage counselor or other credit counselor licensed or certified by any federal, state, or local agency; or

(vii) Any other party to a distressed property conveyance.

(15) "Landlord" means the owner, lessor, or sublessor of the dwelling unit or the property of which it is a part, and in addition means any person designated as representative of the owner, lessor, or sublessor including, but not limited to, an agent, a resident manager, or a designated property manager.

(16) "Mortgage" is used in the general sense and includes all instruments, including deeds of trust, that are used to secure an obligation by an interest in real property.

(17) "Orders" means written official military orders, or any written notification, certification, or verification from the service member's commanding officer, with respect to the service member's current or future military status.

(18) "Owner" means one or more persons, jointly or severally, in whom is vested:

(a) All or any part of the legal title to property; or

(b) All or part of the beneficial ownership, and a right to present use and enjoyment of the property.

(19) "Permanent change of station" means: (a) Transfer to a unit located at another port or duty station; (b) change in a unit's home port or permanent duty station; (c) call to active duty for a period not less than (~~(ninety)~~) 90 days; (d) separation; or (e) retirement.

(20) "Person" means an individual, group of individuals, corporation, government, or governmental agency, business trust, estate, trust, partnership, or association, two or more persons having a joint or common interest, or any other legal or commercial entity.

(21) "Premises" means a dwelling unit, appurtenances thereto, grounds, and facilities held out for the use of tenants generally and any other area or facility which is held out for use by the tenant.

(22) "Property" or "rental property" means all dwelling units

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on a contiguous quantity of land managed by the same landlord as a single, rental complex.

(23) "Prospective landlord" means a landlord or a person who advertises, solicits, offers, or otherwise holds a dwelling unit out as available for rent.

(24) "Prospective tenant" means a tenant or a person who has applied for residential housing that is governed under this chapter.

(25) "Qualified inspector" means a United States department of housing and urban development certified inspector; a Washington state licensed home inspector; an American society of home inspectors certified inspector; a private inspector certified by the national association of housing and redevelopment officials, the American association of code enforcement, or other comparable professional association as approved by the local municipality; a municipal code enforcement officer; a Washington licensed structural engineer; or a Washington licensed architect.

(26) "Reasonable attorneys' fees," where authorized in this chapter, means an amount to be determined including the following factors: The time and labor required, the novelty and difficulty of the questions involved, the skill requisite to perform the legal service properly, the fee customarily charged in the locality for similar legal services, the amount involved and the results obtained, and the experience, reputation and ability of the lawyer or lawyers performing the services.

(27) "Reasonable manner," with respect to disposing of a deceased tenant's personal property, means to dispose of the property by donation to a not-for-profit charitable organization, by removal of the property by a trash hauler or recycler, or by any other method that is reasonable under the circumstances.

(28) "Rent" or "rental amount" means recurring and periodic charges identified in the rental agreement for the use and occupancy of the premises, which may include charges for utilities. Except as provided in RCW 59.18.283(3), these terms do not include nonrecurring charges for costs incurred due to late payment, damages, deposits, legal costs, or other fees, including attorneys' fees.

(29) "Rental agreement" or "lease" means all agreements which establish or modify the terms, conditions, rules, regulations, or any other provisions concerning the use and occupancy of a dwelling unit.

(30) "Service member" means an active member of the United States armed forces, a member of a military reserve component, or a member of the national guard who is either stationed in or a resident of Washington state.

(31) A "single-family residence" is a structure maintained and used as a single dwelling unit. Notwithstanding that a dwelling unit shares one or more walls with another dwelling unit, it shall be deemed a single-family residence if it has direct access to a street and shares neither heating facilities nor hot water equipment, nor any other essential facility or service, with any other dwelling unit.

(32) A "tenant" is any person who is entitled to occupy a dwelling unit primarily for living or dwelling purposes under a rental agreement.

(33) "Tenant representative" means:

(a) A personal representative of a deceased tenant's estate if known to the landlord;

(b) If the landlord has no knowledge that a personal representative has been appointed for the deceased tenant's estate, a person claiming to be a successor of the deceased tenant who has provided the landlord with proof of death and an affidavit made by the person that meets the requirements of RCW 11.62.010(2);

(c) In the absence of a personal representative under (a) of this subsection or a person claiming to be a successor under (b) of this

subsection, a designated person; or

(d) In the absence of a personal representative under (a) of this subsection, a person claiming to be a successor under (b) of this subsection, or a designated person under (c) of this subsection, any person who provides the landlord with reasonable evidence that he or she is a successor of the deceased tenant as defined in RCW 11.62.005. The landlord has no obligation to identify all of the deceased tenant's successors.

(34) "Tenant screening" means using a consumer report or other information about a prospective tenant in deciding whether to make or accept an offer for residential rental property to or from a prospective tenant.

(35) "Tenant screening report" means a consumer report as defined in RCW 19.182.010 and any other information collected by a tenant screening service.

(36) "Immediate family" includes state registered domestic partner, spouse, parents, grandparents, children, including foster children, siblings, and in-laws.

(37) "Subsidized housing" refers to rental housing for very low-income or low-income households that is a dwelling unit operated directly by a public housing authority or its affiliate, or that is insured, financed, or assisted in whole or in part through one of the following sources:

(a) A federal program or state housing program administered by the department of commerce or the Washington state housing finance commission;

(b) A federal housing program administered by a city or county government;

(c) An affordable housing levy authorized under RCW 84.52.105; or

(d) The surcharges authorized in RCW 36.22.178 and 36.22.179 and any of the surcharges authorized in chapter 43.185C RCW.

(38) "Transitional housing" means housing units owned, operated, or managed by a nonprofit organization or governmental entity in which supportive services are provided to individuals and families that were formerly homeless, with the intent to stabilize them and move them to permanent housing within a period of not more than twenty-four months, or longer if the program is limited to tenants within a specified age range or the program is intended for tenants in need of time to complete and transition from educational or training or service programs.

**NEW SECTION. Sec. 2.** A new section is added to chapter 59.18 RCW to read as follows:

(1)(a) A landlord may not evict a tenant, refuse to continue a tenancy, or end a periodic tenancy except for the causes enumerated in subsection (2) of this section and as otherwise provided in this subsection.

(b) If a landlord and tenant enter into a rental agreement that provides for the tenancy to continue for an indefinite period on a month-to-month or periodic basis after the agreement expires, the landlord may not end the tenancy except for the causes enumerated in subsection (2) of this section; however, a landlord may end such a tenancy at the end of the initial period of the rental agreement without cause only if:

(i) At the inception of the tenancy, the landlord and tenant entered into a rental agreement between six and 12 months; and

(ii) The landlord has provided the tenant before the end of the initial lease period at least 60 days' advance written notice ending the tenancy, served in a manner consistent with RCW 59.12.040.

(c) If a landlord and tenant enter into a rental agreement for a specified period in which the tenancy by the terms of the rental agreement does not continue for an indefinite period on a month-to-month or periodic basis after the end of the specified period, the landlord may end such a tenancy without cause upon expiration of the specified period only if:

(i) At the inception of the tenancy, the landlord and tenant entered into a rental agreement of 12 months or more for a specified period, or the landlord and tenant have continuously and without interruption entered into successive rental agreements of six months or more for a specified period since the inception of the tenancy;

(ii) The landlord has provided the tenant before the end of the specified period at least 60 days' advance written notice that the tenancy will be deemed expired at the end of such specified period, served in a manner consistent with RCW 59.12.040; and

(iii) The tenancy has not been for an indefinite period on a month-to-month or periodic basis at any point since the inception of the tenancy. However, for any tenancy of an indefinite period in existence as of the effective date of this section, if the landlord and tenant enter into a rental agreement between the effective date of this section and three months following the expiration of the governor's proclamation 20-19.6 or any extensions thereof, the landlord may exercise rights under this subsection (1)(c) as if the rental agreement was entered into at the inception of the tenancy provided that the rental agreement is otherwise in accordance with this subsection (1)(c).

(d) For all other tenancies of a specified period not covered under (b) or (c) of this subsection, and for tenancies of an indefinite period on a month-to-month or periodic basis, a landlord may not end the tenancy except for the causes enumerated in subsection (2) of this section. Upon the end date of the tenancy of a specified period, the tenancy becomes a month-to-month tenancy.

(e) Nothing prohibits a landlord and tenant from entering into subsequent lease agreements that are in compliance with the requirements in subsection (2) of this section.

(f) A tenant may end a tenancy for a specified time by providing notice in writing not less than 20 days prior to the ending date of the specified time.

(2) The following reasons listed in this subsection constitute cause pursuant to subsection (1) of this section:

(a) The tenant continues in possession in person or by subtenant after a default in the payment of rent, and after written notice requiring, in the alternative, the payment of the rent or the surrender of the detained premises has remained uncomplied with for the period set forth in RCW 59.12.030(3) for tenants subject to this chapter. The written notice may be served at any time after the rent becomes due;

(b) The tenant continues in possession after substantial breach of a material program requirement of subsidized housing, material term subscribed to by the tenant within the lease or rental agreement, or a tenant obligation imposed by law, other than one for monetary damages, and after the landlord has served written notice specifying the acts or omissions constituting the breach and requiring, in the alternative, that the breach be remedied or the rental agreement will end, and the breach has not been adequately remedied by the date specified in the notice, which date must be at least 10 days after service of the notice;

(c) The tenant continues in possession after having received at least three days' advance written notice to quit after he or she commits or permits waste or nuisance upon the premises, unlawful activity that affects the use and enjoyment of the premises, or other substantial or repeated and unreasonable interference with the use and enjoyment of the premises by the landlord or neighbors of the tenant;

(d) The tenant continues in possession after the landlord of a dwelling unit in good faith seeks possession so that the owner or his or her immediate family may occupy the unit as that person's principal residence and no substantially equivalent unit is vacant and available to house the owner or his or her immediate family in the same building, and the owner has provided at least 90 days'

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advance written notice of the date the tenant's possession is to end. There is a rebuttable presumption that the owner did not act in good faith if the owner or immediate family fails to occupy the unit as a principal residence for at least 60 consecutive days during the 90 days immediately after the tenant vacated the unit pursuant to a notice to vacate using this subsection (2)(d) as the cause for the lease ending;

(e) The tenant continues in possession after the owner elects to sell a single-family residence and the landlord has provided at least 90 days' advance written notice of the date the tenant's possession is to end. For the purposes of this subsection (2)(e), an owner "elects to sell" when the owner makes reasonable attempts to sell the dwelling within 30 days after the tenant has vacated, including, at a minimum, listing it for sale at a reasonable price with a realty agency or advertising it for sale at a reasonable price by listing it on the real estate multiple listing service. There shall be a rebuttable presumption that the owner did not intend to sell the unit if:

(i) Within 30 days after the tenant has vacated, the owner does not list the single-family dwelling unit for sale at a reasonable price with a realty agency or advertise it for sale at a reasonable price by listing it on the real estate multiple listing service; or

(ii) Within 90 days after the date the tenant vacated or the date the property was listed for sale, whichever is later, the owner withdraws the rental unit from the market, the landlord rents the unit to someone other than the former tenant, or the landlord otherwise indicates that the owner does not intend to sell the unit;

(f) The tenant continues in possession of the premises after the landlord serves the tenant with advance written notice pursuant to RCW 59.18.200(2)(c);

(g) The tenant continues in possession after the owner elects to withdraw the premises to pursue a conversion pursuant to RCW 64.34.440 or 64.90.655;

(h) The tenant continues in possession, after the landlord has provided at least 30 days' advance written notice to vacate that:

(i) The premises has been certified or condemned as uninhabitable by a local agency charged with the authority to issue such an order; and (ii) continued habitation of the premises would subject the landlord to civil or criminal penalties. However, if the terms of the local agency's order do not allow the landlord to provide at least 30 days' advance written notice, the landlord must provide as much advance written notice as is possible and still comply with the order;

(i) The tenant continues in possession after an owner or lessor, with whom the tenant shares the dwelling unit or access to a common kitchen or bathroom area, has served at least 20 days' advance written notice to vacate prior to the end of the rental term or, if a periodic tenancy, the end of the rental period;

(j) The tenant continues in possession of a dwelling unit in transitional housing after having received at least 30 days' advance written notice to vacate in advance of the expiration of the transitional housing program, the tenant has aged out of the transitional housing program, or the tenant has completed an educational or training or service program and is no longer eligible to participate in the transitional housing program. Nothing in this subsection (2)(j) prohibits the ending of a tenancy in transitional housing for any of the other causes specified in this subsection;

(k) The tenant continues in possession of a dwelling unit after the expiration of a rental agreement without signing a proposed new rental agreement proffered by the landlord; provided, that the landlord proffered the proposed new rental agreement at least 30 days prior to the expiration of the current rental agreement and that any new terms and conditions of the proposed new rental agreement are reasonable. This subsection (2)(k) does not apply

to tenants whose tenancies are or have become periodic;

(l) The tenant continues in possession after having received at least 30 days' advance written notice to vacate due to intentional, knowing, and material misrepresentations or omissions made on the tenant's application at the inception of the tenancy that, had these misrepresentations or omissions not been made, would have resulted in the landlord requesting additional information or taking an adverse action;

(m) The tenant continues in possession after having received at least 60 days' advance written notice to vacate for other good cause prior to the end of the period or rental agreement and such cause constitutes a legitimate economic or business reason not covered or related to a basis for ending the lease as enumerated under this subsection (2). When the landlord relies on this basis for ending the tenancy, the court may stay any writ of restitution for up to 60 additional days for good cause shown, including difficulty procuring alternative housing. The court must condition such a stay upon the tenant's continued payment of rent during the stay period. Upon granting such a stay, the court must award court costs and fees as allowed under this chapter;

(n)(i) The tenant continues in possession after having received at least 60 days' written notice to vacate prior to the end of the period or rental agreement and the tenant has committed four or more of the following violations, other than ones for monetary damages, within the preceding 12-month period, the tenant has remedied or cured the violation, and the landlord has provided the tenant a written warning notice at the time of each violation: A substantial breach of a material program requirement of subsidized housing, a substantial breach of a material term subscribed to by the tenant within the lease or rental agreement, or a substantial breach of a tenant obligation imposed by law;

(ii) Each written warning notice must:

(A) Specify the violation;

(B) Provide the tenant an opportunity to cure the violation;

(C) State that the landlord may choose to end the tenancy at the end of the rental term if there are four violations within a 12-month period preceding the end of the term; and

(D) State that correcting the fourth or subsequent violation is not a defense to the ending of the lease under this subsection;

(iii) The 60-day notice to vacate must:

(A) State that the rental agreement will end upon the specified ending date for the rental term or upon a designated date not less than 60 days after the delivery of the notice, whichever is later;

(B) Specify the reason for ending the lease and supporting facts; and

(C) Be served to the tenant concurrent with or after the fourth or subsequent written warning notice;

(iv) The notice under this subsection must include all notices supporting the basis of ending the lease;

(v) Any notices asserted under this subsection must pertain to four or more separate incidents or occurrences; and

(vi) This subsection (2)(n) does not absolve a landlord from demonstrating by admissible evidence that the four or more violations constituted breaches under (b) of this subsection at the time of the violation had the tenant not remedied or cured the violation;

(o) The tenant continues in possession after having received at least 60 days' advance written notice to vacate prior to the end of the rental period or rental agreement if the tenant is required to register as a sex offender during the tenancy, or failed to disclose a requirement to register as a sex offender when required in the rental application or otherwise known to the property owner at the beginning of the tenancy;

(p) The tenant continues in possession after having received at least 20 days' advance written notice to vacate prior to the end of

the rental period or rental agreement if the tenant has made unwanted sexual advances or other acts of sexual harassment directed at the property owner, property manager, property employee, or another tenant based on the person's race, gender, or other protected status in violation of any covenant or term in the lease.

(3) When a tenant has permanently vacated due to voluntary or involuntary events, other than by the ending of the tenancy by the landlord, a landlord must serve a notice to any remaining occupants who had coresided with the tenant at least six months prior to and up to the time the tenant permanently vacated, requiring the occupants to either apply to become a party to the rental agreement or vacate within 30 days of service of such notice. In processing any application from a remaining occupant under this subsection, the landlord may require the occupant to meet the same screening, background, and financial criteria as would any other prospective tenant to continue the tenancy. If the occupant fails to apply within 30 days of receipt of the notice in this subsection, or the application is denied for failure to meet the criteria, the landlord may commence an unlawful detainer action under this chapter. If an occupant becomes a party to the tenancy pursuant to this subsection, a landlord may not end the tenancy except as provided under subsection (2) of this section. This subsection does not apply to tenants residing in subsidized housing.

(4) A landlord who removes a tenant or causes a tenant to be removed from a dwelling in any way in violation of this section is liable to the tenant for wrongful eviction, and the tenant prevailing in such an action is entitled to the greater of their economic and noneconomic damages or three times the monthly rent of the dwelling at issue, and reasonable attorneys' fees and court costs.

(5) Nothing in subsection (2)(d), (e), or (f) of this section permits a landlord to end a tenancy for a specified period before the completion of the term unless the landlord and the tenant mutually consent, in writing, to ending the tenancy early and the tenant is afforded at least 60 days to vacate.

(6) All written notices required under subsection (2) of this section must:

- (a) Be served in a manner consistent with RCW 59.12.040; and
- (b) Identify the facts and circumstances known and available to the landlord at the time of the issuance of the notice that support the cause or causes with enough specificity so as to enable the tenant to respond and prepare a defense to any incidents alleged. The landlord may present additional facts and circumstances regarding the allegations within the notice if such evidence was unknown or unavailable at the time of the issuance of the notice.

**Sec. 3.** RCW 59.18.200 and 2019 c 339 s 1 and 2019 c 23 s 2 are each reenacted and amended to read as follows:

(1)(a) When premises are rented for an indefinite time, with monthly or other periodic rent reserved, such tenancy shall be construed to be a tenancy from month to month, or from period to period on which rent is payable, and shall ~~((be terminated))~~ end by written notice of ~~((twenty))~~ 20 days or more, preceding the end of any of the months or periods of tenancy, given by ~~((either party))~~ the tenant to the ((either)) landlord.

(b) Any tenant who is a member of the armed forces, including the national guard and armed forces reserves, or that tenant's spouse or dependent, may ~~((terminate))~~ end a rental agreement with less than ~~((twenty))~~ 20 days' written notice if the tenant receives permanent change of station or deployment orders that do not allow a ~~((twenty))~~ 20-day written notice.

(2)(a) Whenever a landlord plans to change to a policy of excluding children, the landlord shall give a written notice to a tenant at least ~~((ninety))~~ 90 days before ~~((termination of))~~ the tenancy ends to effectuate such change in policy. Such ~~((ninety))~~

90-day notice shall be in lieu of the notice required by subsection (1) of this section. However, if after giving the ~~((ninety))~~ 90-day notice the change in policy is delayed, the notice requirements of subsection (1) of this section shall apply unless waived by the tenant.

(b) Whenever a landlord plans to change any apartment or apartments to a condominium form of ownership, the landlord shall provide a written notice to a tenant at least ~~((one hundred twenty))~~ 120 days before ~~((termination of))~~ the tenancy ends, in compliance with RCW 64.34.440(1), to effectuate such change. The ~~((one hundred twenty day))~~ 120-day notice is in lieu of the notice required in subsection (1) of this section. However, if after providing the ~~((one hundred twenty day))~~ 120-day notice the change to a condominium form of ownership is delayed, the notice requirements in subsection (1) of this section apply unless waived by the tenant.

(c)(i) Whenever a landlord plans to demolish or substantially rehabilitate premises or plans a change of use of premises, the landlord shall provide a written notice to a tenant at least ~~((one hundred twenty))~~ 120 days before ~~((termination of))~~ the tenancy ends. This subsection (2)(c)(i) does not apply to jurisdictions that have created a relocation assistance program under RCW 59.18.440 and otherwise provide ~~((one hundred twenty))~~ 120 days' notice.

(ii) For purposes of this subsection (2)(c):

(A) "Assisted housing development" means a multifamily rental housing development that either receives government assistance and is defined as federally assisted housing in RCW 59.28.020, or that receives other federal, state, or local government assistance and is subject to use restrictions.

(B) "Change of use" means: (I) Conversion of any premises from a residential use to a nonresidential use that results in the displacement of an existing tenant; (II) conversion from one type of residential use to another type of residential use that results in the displacement of an existing tenant, such as conversion to a retirement home, emergency shelter, or transient hotel; or (III) conversion following removal of use restrictions from an assisted housing development that results in the displacement of an existing tenant: PROVIDED, That displacement of an existing tenant in order that the owner or a member of the owner's immediate family may occupy the premises does not constitute a change of use.

(C) "Demolish" means the destruction of premises or the relocation of premises to another site that results in the displacement of an existing tenant.

(D) "Substantially rehabilitate" means extensive structural repair or extensive remodeling of premises that requires a permit such as a building, electrical, plumbing, or mechanical permit, and that results in the displacement of an existing tenant.

~~((3))~~ A person in violation of subsection (2)(c)(i) of this section may be held liable in a civil action up to three times the monthly rent of the real property at issue. The prevailing party may also recover court costs and reasonable attorneys' fees.)

**Sec. 4.** RCW 59.18.220 and 2019 c 23 s 3 are each amended to read as follows:

(1) ~~((In all))~~ Except as limited under section 2 of this act, in cases where premises are rented for a specified time, by express or implied contract, the tenancy shall be deemed ~~((terminated))~~ expired at the end of such specified time upon notice consistent with section 2 of this act, served in a manner consistent with RCW 59.12.040.

(2) Any tenant who is a member of the armed forces, including the national guard and armed forces reserves, or that tenant's spouse or dependent, may ~~((terminate))~~ end a tenancy for a specified time if the tenant receives permanent change of station or deployment orders. Before ~~((terminating))~~ ending the tenancy,

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the tenant, or that tenant's spouse or dependent, shall provide written notice of ~~((twenty))~~ 20 days or more to the landlord, which notice shall include a copy of the official military orders or a signed letter from the service member's commanding officer confirming any of the following criteria are met:

(a) The service member is required, pursuant to a permanent change of station orders, to move ~~((thirty-five))~~ 35 miles or more from the location of the rental premises;

(b) The service member is prematurely or involuntarily discharged or released from active duty;

(c) The service member is released from active duty after having leased the rental premises while on active duty status and the rental premises is ~~((thirty-five))~~ 35 miles or more from the service member's home of record prior to entering active duty;

(d) After entering into a rental agreement, the commanding officer directs the service member to move into government provided housing;

(e) The service member receives temporary duty orders, temporary change of station orders, or active duty orders to an area ~~((thirty-five))~~ 35 miles or more from the location of the rental premises, provided such orders are for a period not less than ~~((ninety))~~ 90 days; or

(f) The service member has leased the property, but prior to taking possession of the rental premises, receives change of station orders to an area that is ~~((thirty-five))~~ 35 miles or more from the location of the rental premises.

**Sec. 5.** RCW 59.18.230 and 2020 c 315 s 6 and 2020 c 177 s 2 are each reenacted and amended to read as follows:

(1)(a) Any provision of a lease or other agreement, whether oral or written, whereby any section or subsection of this chapter is waived except as provided in RCW 59.18.360 and shall be deemed against public policy and shall be unenforceable. Such unenforceability shall not affect other provisions of the agreement which can be given effect without them.

(b) A landlord may not threaten a tenant with eviction for failure to pay nonpossessory charges limited under RCW 59.18.283.

(2) No rental agreement may provide that the tenant:

(a) Agrees to waive or to forgo rights or remedies under this chapter; or

(b) Authorizes any person to confess judgment on a claim arising out of the rental agreement; or

(c) Agrees to pay the landlord's attorneys' fees, except as authorized in this chapter; or

(d) Agrees to the exculpation or limitation of any liability of the landlord arising under law or to indemnify the landlord for that liability or the costs connected therewith; or

(e) And landlord have agreed to a particular arbitrator at the time the rental agreement is entered into; or

(f) Agrees to pay late fees for rent that is paid within five days following its due date. If rent is more than five days past due, the landlord may charge late fees commencing from the first day after the due date until paid. Nothing in this subsection prohibits a landlord from serving a notice to pay or vacate at any time after the rent becomes due.

(3) A provision prohibited by subsection (2) of this section included in a rental agreement is unenforceable. If a landlord ~~((deliberately))~~ knowingly uses a rental agreement containing provisions known by him or her to be prohibited, the tenant may recover actual damages sustained by him or her, statutory damages not to exceed ~~((five hundred dollars))~~ two times the monthly rent charged for the unit, costs of suit, and reasonable attorneys' fees.

(4) The common law right of the landlord of distress for rent is hereby abolished for property covered by this chapter. Any

provision in a rental agreement creating a lien upon the personal property of the tenant or authorizing a distress for rent is null and void and of no force and effect. Any landlord who takes or detains the personal property of a tenant without the specific written consent of the tenant to such incident of taking or detention, and who, after written demand by the tenant for the return of his or her personal property, refuses to return the same promptly shall be liable to the tenant for the value of the property retained, actual damages, and if the refusal is intentional, may also be liable for damages of up to ~~((five hundred dollars))~~ \$500 per day but not to exceed ~~((five thousand dollars))~~ \$5,000, for each day or part of a day that the tenant is deprived of his or her property. The prevailing party may recover his or her costs of suit and a reasonable attorneys' fee.

In any action, including actions pursuant to chapters 7.64 or 12.28 RCW, brought by a tenant or other person to recover possession of his or her personal property taken or detained by a landlord in violation of this section, the court, upon motion and after notice to the opposing parties, may waive or reduce any bond requirements where it appears to be to the satisfaction of the court that the moving party is proceeding in good faith and has, prima facie, a meritorious claim for immediate delivery or redelivery of said property.

**Sec. 6.** RCW 59.12.030 and 2019 c 356 s 2 are each amended to read as follows:

~~((A))~~ Except as limited under section 2 of this act relating to tenancies under chapter 59.18 RCW, a tenant of real property for a term less than life is liable for unlawful detainer either:

(1) When he or she holds over or continues in possession, in person or by subtenant, of the property or any part thereof after the expiration of the term for which it is let to him or her. When real property is leased for a specified term or period by express or implied contract, whether written or oral, the tenancy shall ~~((be terminated))~~ end without notice at the expiration of the specified term or period;

(2) When he or she, having leased property for an indefinite time with monthly or other periodic rent reserved, continues in possession thereof, in person or by subtenant, after the end of any such month or period, when the landlord, more than ~~((twenty))~~ 20 days prior to the end of such month or period, has served notice (in manner in RCW 59.12.040 provided) requiring him or her to quit the premises at the expiration of such month or period;

(3) When he or she continues in possession in person or by subtenant after a default in the payment of rent, and after notice in writing requiring in the alternative the payment of the rent or the surrender of the detained premises, served (in manner in RCW 59.12.040 provided) on behalf of the person entitled to the rent upon the person owing it, has remained uncomplied with for the period of three days after service, or for the period of ~~((fourteen))~~ 14 days after service for tenancies under chapter 59.18 RCW. The notice may be served at any time after the rent becomes due. For the purposes of this subsection and as applied to tenancies under chapter 59.18 RCW, "rent" has the same meaning as defined in RCW 59.18.030;

(4) When he or she continues in possession in person or by subtenant after a neglect or failure to keep or perform any condition or covenant of the lease or agreement under which the property is held, including any covenant not to assign or sublet, other than one for the payment of rent, and after notice in writing requiring in the alternative the performance of such condition or covenant or the surrender of the property, served (in manner in RCW 59.12.040 provided) upon him or her, and if there is a subtenant in actual possession of the premises, also upon such subtenant, shall remain uncomplied with for ~~((ten))~~ 10 days after service thereof. Within ~~((ten))~~ 10 days after the service of such

notice the tenant, or any subtenant in actual occupation of the premises, or any mortgagee of the term, or other person interested in its continuance, may perform such condition or covenant and thereby save the lease from such forfeiture. For the purposes of this subsection and as applied to tenancies under chapter 59.18 RCW, "rent" has the same meaning as defined in RCW 59.18.030;

(5) When he or she commits or permits waste upon the demised premises, or when he or she sets up or carries on thereon any unlawful business, or when he or she erects, suffers, permits, or maintains on or about the premises any nuisance, and remains in possession after the service (in manner in RCW 59.12.040 provided) upon him or her of three days' notice to quit;

(6) A person who, without the permission of the owner and without having color of title thereto, enters upon land of another and who fails or refuses to remove therefrom after three days' notice, in writing and served upon him or her in the manner provided in RCW 59.12.040. Such person may also be subject to the criminal provisions of chapter 9A.52 RCW; or

(7) When he or she commits or permits any gang-related activity at the premises as prohibited by RCW 59.18.130.

**NEW SECTION. Sec. 7.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately."

On page 1, line 4 of the title, after "termination;" strike the remainder of the title and insert "amending RCW 59.18.220 and 59.12.030; reenacting and amending RCW 59.18.030, 59.18.200, and 59.18.230; adding a new section to chapter 59.18 RCW; prescribing penalties; and declaring an emergency."

#### MOTION

Senator Fortunato moved that the following floor amendment no. 694 by Senator Fortunato be adopted:

On page 7, beginning on line 20, after "if" strike all material through "The" on line 26 and insert "the"

On page 7, beginning on line 29, after "59.12.040;" strike all material through "(1)(c)" on line 40

On page 8, beginning on line 1, after "For" strike all material through "for" on line 2

Senator Fortunato spoke in favor of adoption of the amendment to the striking amendment.

Senator Kuderer spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 694 by Senator Fortunato on page 7, line 20 to striking floor amendment no. 672.

The motion by Senator Fortunato did not carry and floor amendment no. 694 was not adopted by voice vote.

#### MOTION

Senator Gildon moved that the following floor amendment no. 697 by Senator Gildon be adopted:

On page 7, line 22, after "agreement of" strike "12" and insert "six"

Senator Gildon spoke in favor of adoption of the amendment to the striking amendment.

Senator Kuderer spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 697 by Senator Gildon on page 7, line 22 to striking floor amendment no. 672.

The motion by Senator Gildon did not carry and floor

amendment no. 697 was not adopted by voice vote.

#### MOTION

Senator Warnick moved that the following floor amendment no. 700 by Senator Warnick be adopted:

On page 8, after line 12, insert the following:

"(g) This section does not apply to a landlord who owns a rental property with no more than four dwelling units."

On page 13, line 24, after "landlord," insert "A landlord who owns a rental property with no more than four dwelling units may end a monthly or periodic tenancy by providing the tenant a written notice of 20 days or more, preceding the end of any of the months or periods of tenancy."

Senator Warnick spoke in favor of adoption of the amendment to the striking amendment.

Senator Kuderer spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 700 by Senator Warnick on page 8, line 12 to striking floor amendment no. 672.

The motion by Senator Warnick did not carry and floor amendment no. 700 was not adopted by voice vote.

#### MOTION

Senator Fortunato moved that the following floor amendment no. 695 by Senator Fortunato be adopted:

On page 8, line 31, after "notice" insert ". For purposes of this subsection (2)(b), a "substantial breach of a material term subscribed to by the tenant within the lease or rental agreement" means the totality of the circumstances, including factors such as whether there has been a significant number of complaints to the landlord about the tenant's activities at the property, damage done by the tenant to the property, including the property of other tenants or neighbors, harassment or threats made by the tenant to other tenants or neighbors that have been reported to law enforcement agencies, any police incident reports involving the tenant, and the tenant's criminal history"

On page 11, line 38, after "occurrences;" strike "and"

On page 12, line 2, after "violation;" insert "and

(vii) For purposes of this subsection (2)(n), a "substantial breach of a material term subscribed to by the tenant within the lease or rental agreement" means the totality of the circumstances, including factors such as whether there has been a significant number of complaints to the landlord about the tenant's activities at the property, damage done by the tenant to the property, including the property of other tenants or neighbors, harassment or threats made by the tenant to other tenants or neighbors that have been reported to law enforcement agencies, any police incident reports involving the tenant, and the tenant's criminal history;"

Senator Fortunato spoke in favor of adoption of the amendment to the striking amendment.

Senator Kuderer spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 695 by Senator Fortunato on page 8, line 31 to striking floor amendment no. 672.

The motion by Senator Fortunato did not carry and floor amendment no. 695 was not adopted by voice vote.

#### MOTION

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Senator Short moved that the following floor amendment no. 699 by Senator Short be adopted:

On page 12, line 12, after "has" insert "stated verbally or in writing any derogatory remarks or"

Senator Short spoke in favor of adoption of the amendment to the striking amendment.

Senator Kuderer spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 699 by Senator Short on page 12, line 12 to striking floor amendment no. 672.

The motion by Senator Short did not carry and floor amendment no. 699 was not adopted by voice vote.

MOTION

Senator Gildon moved that the following floor amendment no. 696 by Senator Gildon be adopted:

On page 12, line 16, after "lease" insert ";

(q) The tenant continues in possession after having received a notice to vacate at least 20 days prior to the end of the rental period and the landlord has notified the tenant in writing pursuant to RCW 59.12.030(3) for failure to pay rent four or more times in a 12-month period"

Senators Gildon and Fortunato spoke in favor of adoption of the amendment to the striking amendment.

Senator Kuderer spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 696 by Senator Gildon on page 12, line 16 to striking floor amendment no. 672

The motion by Senator Gildon did not carry and floor amendment no. 696 was not adopted by voice vote.

MOTION

Senator Gildon moved that the following floor amendment no. 698 by Senator Gildon be adopted:

On page 12, line 16, after "lease" insert ";

(q) The tenant continues in possession after having received a 60-day notice to vacate in advance of the expiration of a rental agreement based on the tenant failing or refusing to sign a proposed new rental agreement offered by the landlord that includes a rent increase due to the landlord experiencing an increase in property taxes on the rental premises; provided, that the landlord offered the proposed new rental agreement at least 90 days prior to the expiration of the current rental agreement and the tenant has clearly communicated before receipt of the 60-day notice that they will be unable to pay the increased rent rate"

Senators Gildon, Rivers and Wilson, J. spoke in favor of adoption of the amendment to the striking amendment.

Senator Kuderer spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 698 by Senator Gildon on page 12, line 16 to striking floor amendment no. 672.

The motion by Senator Gildon did not carry and floor amendment no. 698 was not adopted by voice vote.

MOTION

Senator Honeyford moved that the following floor amendment no. 702 by Senator Honeyford be adopted:

On page 12, line 16, after "lease" insert ";

(q) The tenant remains in possession after having received a 10-day notice to vacate for causing damage to the property in excess of the tenant's security deposit"

Senator Honeyford spoke in favor of adoption of the amendment to the striking amendment.

Senator Kuderer spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 702 by Senator Honeyford on page 12, line 16 to striking floor amendment no. 672.

The motion by Senator Honeyford did not carry and floor amendment no. 702 was not adopted by voice vote.

MOTION

Senator Warnick moved that the following floor amendment no. 701 by Senator Warnick be adopted:

On page 12, line 35, after "(4)" insert "Any organization that contracts with and receives funds from the department of children, youth, and families for the placement of foster children receiving behavioral rehabilitation services in a single-family residence or group home must provide at least 90 days' written notice before closure of the residence or home and must not remove any child from such housing until alternate housing is arranged for the foster child and foster parent, if applicable, in coordination with the department for children, youth, and families, with priority for maintaining the housing stability of the foster child.

(5)"

Renumber the remaining subsections consecutively and correct any internal references accordingly.

Senators Warnick, Padden and Fortunato spoke in favor of adoption of the amendment to the striking amendment.

Senator Kuderer spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 701 by Senator Warnick on page 12, line 35 to striking floor amendment no. 672.

The motion by Senator Warnick did not carry and floor amendment no. 701 was not adopted by voice vote.

MOTION

Senator Fortunato moved that the following floor amendment no. 689 by Senator Fortunato be adopted:

On page 19, after line 8, insert the following:

"NEW SECTION. Sec. 7. Except for ordinances adopted before January 1, 2021, a local government may only adopt ordinances that provide requirements for ending a residential tenancy for cause if such ordinances are consistent with and comply with this act."

Renumber the remaining section consecutively and correct any internal references accordingly.

On page 19, line 16, after "59.18 RCW;" insert "creating a new section;"

Senator Fortunato spoke in favor of adoption of the amendment

to the striking amendment.

Senator Kuderer spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 689 by Senator Fortunato on page 19, line 8 to striking floor amendment no. 672.

The motion by Senator Fortunato did not carry and floor amendment no. 689 was not adopted by voice vote.

Senator Mullet spoke in favor of adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of striking floor amendment no. 672 by Senator Mullet to Engrossed Substitute House Bill No. 1236.

The motion by Senator Mullet carried and striking floor amendment no. 672 was adopted by voice vote.

#### MOTION

On motion of Senator Kuderer, the rules were suspended, Engrossed Substitute House Bill No. 1236, as amended by the Senate, was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Kuderer spoke in favor of passage of the bill.

Senators Fortunato, Wagoner, Wilson, L., Muzzall, Padden, Rivers, Schoesler and Ericksen spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 1236 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 1236, as amended by the Senate, and the bill passed the Senate by the following vote: Yeas, 28; Nays, 21; Absent, 0; Excused, 0.

Voting yea: Senators Billig, Carlyle, Cleveland, Conway, Darnelle, Das, Dhingra, Frockt, Hasegawa, Hobbs, Hunt, Keiser, Kuderer, Liias, Lovelett, Mullet, Nguyen, Nobles, Pedersen, Randall, Robinson, Rolfes, Saldaña, Salomon, Stanford, Van De Wege, Wellman and Wilson, C.

Voting nay: Senators Braun, Brown, Dozier, Ericksen, Fortunato, Gildon, Hawkins, Holy, Honeyford, King, McCune, Muzzall, Padden, Rivers, Schoesler, Sheldon, Short, Wagoner, Warnick, Wilson, J. and Wilson, L.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1236, as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

At 1:34 p.m., on motion of Senator Liias, the Senate was declared to be at ease subject to the call of the President.

Senator Rivers announced a meeting of the Republican Caucus.

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The Senate was called to order at 2:30 p.m. by President Heck.

#### SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and

thereupon did sign in open session:

SENATE BILL NO. 5005,  
ENGROSSED SENATE BILL NO. 5026,  
SENATE BILL NO. 5131,  
SUBSTITUTE SENATE BILL NO. 5169,  
SENATE BILL NO. 5296,  
SUBSTITUTE SENATE BILL NO. 5325,  
SENATE BILL NO. 5347,  
ENGROSSED SUBSTITUTE SENATE BILL NO. 5355,  
ENGROSSED SENATE BILL NO. 5372,  
and SUBSTITUTE SENATE BILL NO. 5384.

#### SECOND READING

SENATE BILL NO. 5126, by Senators Carlyle, Saldaña, Conway, Das, Frockt, Hunt, Liias, Nguyen, Pedersen, Salomon, Stanford, and Wilson, C.

Concerning the Washington climate commitment act.

#### MOTION

On motion of Senator Carlyle, Second Substitute Senate Bill No. 5126 was substituted for Senate Bill No. 5126 and the substitute bill was placed on the second reading and read the second time.

#### MOTION

Senator Short moved that the following floor amendment no. 559 by Senator Short be adopted:

On page 1, line 6, after "(1)" insert "The legislature intends to allow the program's compliance obligations to take effect even if a separate additive transportation funding act is not enacted.

(2)"

Renumber the remaining subsections consecutively and correct any internal references accordingly.

On page 43, beginning on line 13, strike all of subsection (7)

Correct any internal references accordingly.

Senator Short spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 559 by Senator Short on page 1, line 6 to Substitute Senate Bill No. 5126.

The motion by Senator Short did not carry and floor amendment no. 559 was not adopted by voice vote.

#### MOTION

Senator Rivers moved that the following floor amendment no. 566 by Senator Rivers be adopted:

On page 1, line 13, after "emissions" insert ", including from transportation,"

On page 26, line 33, after "(g)" insert "The department shall suspend the program if auction proceeds deposited in the forward flexible account do not exceed \$127,341,000 in any fiscal year after fiscal year 2022.

(h)"

Correct any internal references accordingly.

On page 26, line 35, after "through" strike "(f)" and insert "(g)"

Senator Rivers spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

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The President declared the question before the Senate to be the adoption of floor amendment no. 566 by Senator Rivers on page 1, line 13 to Substitute Senate Bill No. 5126.

The motion by Senator Rivers did not carry and floor amendment no. 566 was not adopted by voice vote.

#### MOTION

Senator Carlyle moved that the following floor amendment no. 558 by Senator Carlyle be adopted:

On page 1, line 14, after "time." insert "Actions to increase resilience of our communities, natural resource lands, and ecosystems can prevent and reduce impacts to communities and our environment and improve their ability to recover."

On page 2, line 23, after "(5)" insert "The legislature further finds that wildfires have become one of the largest sources of black carbon in the last five years. From 2014 through 2018, wildfires in Washington state generated 39,200,000 metric tons of carbon, the equivalent of more than 8,500,000 cars on the road a year. In 2015, when 1,130,000 acres burned in Washington, wildfires were the second largest source of greenhouse gas emissions releasing 17,975,112 metric tons of carbon dioxide into the atmosphere. This pollution affects all Washingtonians, but falls disproportionately on low-income communities, communities of color, and the most vulnerable of our population. Restoring the health of our forests and investing in wildfire prevention and preparedness will therefore contribute to improved air quality and improved public health outcomes.

(6)"

Renumber the remaining subsection consecutively and correct any internal references accordingly.

On page 9, line 2, after "Washington" strike "has a linkage agreement" and insert "is linked"

On page 9, beginning on line 13, after "electricity" strike all material through "are" on line 14 and insert "means electricity, other than that from in-state facilities, that contributes to a common system power pool that is"

On page 9, line 23, after "decision" insert "under a linkage agreement"

On page 12, beginning on line 16, after "methods" strike all material through "may" on line 20 and insert "; and the department must"

On page 12, line 28, after "act" insert "and the allocation of allowances at no cost under section 12 of this act"

On page 12, line 30, after "linkage" strike "agreement"

On page 12, after line 32, insert the following:

"(c) Actions imposed under this section may not impose requirements on covered entities or opt-in entities that are disproportionate to their contribution to air pollution compared to other sources of criteria pollutants in the overburdened community."

On page 14, line 38, after "linkage" strike "agreements"

On page 17, at the beginning of line 28, strike "enter into linkage agreements" and insert "are linked"

On page 19, at the beginning of line 12, strike "2028" and insert "2027"

On page 19, line 23, after "limits." insert "The department shall determine and make public the circumstances, metrics, and processes that would initiate the public consideration of additional program adjustments to ensure successful achievement of the emission reduction limits."

On page 23, after line 4, insert the following:

"(9)(a) The legislature intends to promote a growing and sustainable economy and to avoid leakage of emissions from

manufacturing to other locations. The legislature further intends to see innovative new businesses locate and grow in Washington that contribute to Washington's prosperity and environmental objectives.

(b) Consistent with the intent of the legislature to avoid the leakage of emissions to other jurisdictions, in achieving the state's greenhouse gas limits in RCW 70A.45.020, the state shall pursue the limits in a manner that recognizes that the siting and placement of new best-in-class facilities that provide for the displacement of more carbon intensive processes is in the economic and environmental interests of the state of Washington.

(c) For new or expanded facilities that require review under chapter 43.21C RCW and which would result in annual greenhouse gas emissions in excess of 25,000 metric tons per year, the department must evaluate the net cumulative greenhouse gas emissions of the facility, attributing any net displacement of global emissions resulting from the project in the department's decision making. The department may adopt rules to determine how to evaluate net cumulative emissions reductions.

(d) The limits in RCW 70A.45.020 or greenhouse gas emissions that are addressed in this chapter may not be the basis for denial of a permit application or for judicial review of the grant of a permit for a new or expanded emissions-intensive and trade-exposed facility.

(e) Compliance with the requirements of this chapter is the only mitigation for greenhouse gases that can be required by any state agency, city, town, county, township, other subdivision, or municipal corporation of the state from these facilities.

(f) Inclusion as a covered or an opt-in entity under this chapter constitutes adequate mitigation of any significant adverse impacts with respect to greenhouse gases for a facility subject to the requirements of chapter 43.21C RCW."

On page 25, line 34, after "must" strike "first"

On page 26, line 1, after "must" strike "first"

On page 26, line 8, after "must" strike "first"

On page 26, line 16, after "must" strike "first"

On page 26, line 24, after "act." insert "The deposits into the forward flexible account pursuant to (a) through (d) of this subsection must be prorated equally from the proceeds of each of the auctions occurring during each fiscal year."

On page 27, line 29, after "other" insert "linked"

On page 27, at the beginning of line 30, strike "with which it has a linkage agreement"

On page 27, line 32, after "(1)" strike "A" and insert "Facilities owned or operated by a"

On page 27, line 33, after "allowances" insert "for the covered emissions at those facilities"

On page 27, line 34, after "if the" strike "entity is" and insert "operations of the facility are"

On page 28, line 38, after "periods." strike "An entity" and insert "A facility"

On page 28, line 40, after "trade-exposed" strike "entity" and insert "facility"

On page 29, line 8, after "to" strike "an entity" and insert "a facility"

On page 29, line 10, after "the" strike "covered entity's" and insert "facility's"

On page 29, line 18, after "than" insert "when using"

On page 29, line 20, after "to the" insert "quantity of allowances resulting from using the"

On page 29, line 32, after "circumstances, the" strike "entity" and insert "facility"

On page 29, line 35, after "between" strike "an entity" and insert "a facility"

On page 31, line 7, after "trade-exposed" strike "entity" and

insert "facility"

On page 31, beginning on line 31, after "to" strike "an entity" and insert "facilities"

On page 32, line 4, after "provided to" insert "facilities owned or operated by"

On page 40, line 7, after "in a" insert "linked"

On page 40, beginning on line 7, after "jurisdiction" strike all material through "understanding" on line 8

On page 40, line 37, after "has" strike "entered or proposes to enter a linkage agreement" and insert "linked"

On page 42, after line 2, insert the following:

"(7) Beginning in 2031, the limits established in subsection (3) of this section apply unless modified by rule as adopted by the department after a public consultation process."

On page 48, line 2, after "sequestration" insert "by protecting and planting trees"

On page 48, line 2, after "marine" insert "shorelines"

On page 48, at the beginning of line 3, strike "through forest management"

On page 53, line 27, after "has" strike "a linked agreement in effect" and insert "linked"

On page 54, line 7, after "for" insert "linked"

On page 54, beginning on line 7, after "jurisdictions" strike all material through "act" on line 8

Beginning on page 56, line 20, strike all of section 26

Re-number the remaining sections consecutively and correct any internal references accordingly.

Senator Carlyle spoke in favor of adoption of the amendment.

Senator Rivers spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 558 by Senator Carlyle on page 1, line 14 to Substitute Senate Bill No. 5126.

The motion by Senator Carlyle carried and floor amendment no. 558 was adopted by voice vote.

#### MOTION

Senator Wagoner moved that the following floor amendment no. 542 by Senator Wagoner be adopted:

On page 2, line 26, after "efforts" insert ", including efforts to expand telecommuting opportunities by expanding broadband access,"

On page 26, line 40, after "act." insert "Twenty-five percent of the expenditures from the forward flexible account must be used for projects, programs, and activities that help the department of transportation provide for fiberoptic infrastructure in order to attain the state goal of providing high-speed broadband access to every Washington resident by 2028."

Senators Wagoner and Short spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 542 by Senator Wagoner on page 2, line 26 to Substitute Senate Bill No. 5126.

The motion by Senator Wagoner did not carry and floor amendment no. 542 was not adopted by voice vote.

#### MOTION

Senator Brown moved that the following floor amendment no. 546 by Senator Brown be adopted:

On page 2, line 39, after "program" insert "that includes

auctions"

On page 24, line 30, after "auctions." insert "The contractor must be certified as a minority women business enterprise by the Washington state office of minority and women's business enterprises."

Senator Brown spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 546 by Senator Brown on page 2, line 39 to Substitute Senate Bill No. 5126.

The motion by Senator Brown did not carry and floor amendment no. 546 was not adopted by voice vote.

#### MOTION

Senator Ericksen moved that the following floor amendment no. 550 by Senator Ericksen be adopted:

On page 3, after line 28, insert the following:

"(7) This act shall not take effect unless it can be determined that this act, when combined with all other greenhouse gas emissions policies enacted by the state of Washington, will cause an average annual reduction of global greenhouse gas emissions totaling at least 0.2 percent."

Senators Ericksen, Short, Wagoner and Fortunato spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 550 by Senator Ericksen on page 3, line 28 to Substitute Senate Bill No. 5126.

The motion by Senator Ericksen did not carry and floor amendment no. 550 was not adopted by voice vote.

#### MOTION

Senator Ericksen moved that the following floor amendment no. 551 by Senator Ericksen be adopted:

On page 3, after line 28, insert the following:

"(7) This act shall not take effect until the People's Republic of China reduces its annual greenhouse gas emissions by at least 20 percent below its 2020 levels."

Senators Ericksen, Rivers and Short spoke in favor of adoption of the amendment.

Senators Carlyle and Salomon spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 551 by Senator Ericksen on page 3, line 28 to Substitute Senate Bill No. 5126.

The motion by Senator Ericksen did not carry and floor amendment no. 551 was not adopted by voice vote.

#### MOTION

Senator Fortunato moved that the following floor amendment no. 554 by Senator Fortunato be adopted:

On page 3, after line 28, insert the following:

"(7) The department shall suspend the program if the legislature revises the state greenhouse gas emissions limits in RCW 70A.45.020 after the effective date of this section."

Senators Fortunato, Short and Ericksen spoke in favor of

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adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 554 by Senator Fortunato on page 3, line 28 to Substitute Senate Bill No. 5126.

The motion by Senator Fortunato did not carry and floor amendment no. 554 was not adopted by voice vote.

MOTION

Senator King moved that the following floor amendment no. 549 by Senator King be adopted:

On page 3, beginning on line 33, after "equivalent." strike all material through "right." on line 34 and insert "An allowance is a property interest and the holder of an allowance may not be deprived of it without due process of law."

On page 24, at the beginning of line 20, strike all material through "right." and insert "An allowance is a property interest and the holder of an allowance may not be deprived of it without due process of law."

Senator King spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 549 by Senator King on page 3, line 33 to Substitute Senate Bill No. 5126.

The motion by Senator King did not carry and floor amendment no. 549 was not adopted by voice vote.

MOTION

Senator Fortunato moved that the following floor amendment no. 555 by Senator Fortunato be adopted:

On page 5, beginning on line 22, after "department" strike all material through "program" on line 24

On page 17, beginning on line 27, after "instruments" strike all material through "state" on line 28

Beginning on page 17, line 38, strike all of subsection (3)

On page 27, beginning on line 24, strike all of subsection (10)

On page 37, beginning on line 4, after "price" strike all material through "subsection" on line 9

On page 40, line 8, after "a" strike "linkage agreement or"

On page 40, beginning on line 36, after "70A.45.020" strike all material through "agreement" on line 37

Beginning on page 44, line 28, strike all of section 22

Renumber the remaining sections consecutively and correct any internal references accordingly.

On page 53, at the beginning of line 25, strike "~~(or)~~" and insert "or"

On page 53, beginning on line 25, after "agency" strike all material through "act" on line 28

On page 54, beginning on line 2, after "whenever" strike "~~(the)~~;

(A) The" and insert "the"

On page 54, beginning on line 5, after "gases" strike all material through "act" on line 8

On page 55, beginning on line 17, after "period" strike all material through "similar" on line 21

Senators Fortunato, Rivers and Padden spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the

adoption of floor amendment no. 555 by Senator Fortunato on page 5, line 22 to Substitute Senate Bill No. 5126.

The motion by Senator Fortunato did not carry and floor amendment no. 555 was not adopted by voice vote.

MOTION

Senator Rivers moved that the following floor amendment no. 567 by Senator Rivers be adopted:

On page 8, beginning on line 32, strike all of subsection (36) Renumber the remaining subsections consecutively and correct any internal references accordingly.

On page 10, line 30, after "parties" strike "," and insert "and"

On page 10, line 30, after "entities" strike ", and general market participants"

On page 10, line 33, after "covered entity" strike "," and insert "or"

On page 10, beginning on line 33, after "opt-in entity" strike ", or general market participant"

On page 23, beginning on line 25, strike all of subsection (4) Renumber the remaining subsections consecutively and correct any internal references accordingly.

On page 23, beginning on line 30, after "entities" strike "or general market participants"

On page 24, beginning on line 12, strike all of subsection (8) Renumber the remaining subsection consecutively and correct any internal references accordingly.

On page 24, line 34, after "covered entities" strike "," and insert "and"

On page 24, beginning on line 34, after "opt-in entities" strike ", and general market participants"

On page 25, beginning on line 23, strike all of subsection (b) Renumber the remaining subsections consecutively and correct any internal references accordingly.

Senator Rivers spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 567 by Senator Rivers on page 8, line 32 to Substitute Senate Bill No. 5126.

The motion by Senator Rivers did not carry and floor amendment no. 567 was not adopted by voice vote.

MOTION

Senator Short moved that the following floor amendment no. 560 by Senator Short be adopted:

On page 18, line 26, after "2025." strike all material through "emergency." on line 29

Senators Short and Wagoner spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 560 by Senator Short on page 18, line 26 to Substitute Senate Bill No. 5126.

The motion by Senator Short did not carry and floor amendment no. 560 was not adopted by voice vote.

MOTION

Senator Braun moved that the following floor amendment no. 572 by Senator Braun be adopted:

On page 19, after line 31, insert the following:  
 "(5) The program terminates December 1, 2038, unless the legislature reauthorizes the program with subsequent legislation."

Senator Braun spoke in favor of adoption of the amendment.  
 Senator Carlyle spoke against adoption of the amendment.  
 The President declared the question before the Senate to be the adoption of floor amendment no. 572 by Senator Braun on page 19, line 31 to Substitute Senate Bill No. 5126.  
 The motion by Senator Braun did not carry and floor amendment no. 572 was not adopted by voice vote.

#### MOTION

Senator Short moved that the following floor amendment no. 676 by Senator Short be adopted:

On page 19, after line 31, insert the following:  
 "(5) Beginning with the effective date of this section, any rule adopted or amended under the authority of this section expires June 30th of the year following adoption unless the legislature by bill acts to postpone the expiration."

Senator Short spoke in favor of adoption of the amendment.  
 Senator Carlyle spoke against adoption of the amendment.  
 The President declared the question before the Senate to be the adoption of floor amendment no. 676 by Senator Short on page 19, line 31 to Substitute Senate Bill No. 5126.  
 The motion by Senator Short did not carry and floor amendment no. 676 was not adopted by voice vote.

#### SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:

SENATE BILL NO. 5015,  
 SENATE BILL NO. 5016,  
 SENATE BILL NO. 5018,  
 and SENATE BILL NO. 5046.

#### MOTION

Senator Short moved that the following floor amendment no. 561 by Senator Short be adopted:

On page 20, line 7, after "equivalent" insert ", except that a first jurisdictional deliverer that is required to comply with the Washington clean energy transformation act, chapter 19.405 RCW, is not a covered entity"

Senators Short and Ericksen spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.  
 The President declared the question before the Senate to be the adoption of floor amendment no. 561 by Senator Short on page 20, line 7 to Second Substitute Senate Bill No. 5126.  
 The motion by Senator Short did not carry and floor amendment no. 561 was not adopted by voice vote.

#### MOTION

On motion of Senator Wagoner, Senator McCune was excused.

#### MOTION

Senator Fortunato moved that the following floor amendment no. 556 by Senator Fortunato be adopted:

On page 20, line 11, after "oxidation" insert ", except that a supplier of fossil fuel other than natural gas is not a covered entity if the 67th legislature enacts chapter . . . (Engrossed Third Substitute House Bill No. 1091), Laws of 2021"

Senators Fortunato and Rivers spoke in favor of adoption of the amendment.

Senators Carlyle and Salomon spoke against adoption of the amendment.

#### REMARKS BY THE PRESIDENT

President Heck: "Senator Salomon, the President would like to respectfully request that you please don your sport jacket."

Senator Salomon: "That's funny. It's actually on. I'll move out of the sun."

President Heck: "My apologies."

Senator Salomon continued his remarks.  
 Senators Wagoner and Ericksen spoke in favor of the adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 556 by Senator Fortunato on page 20, line 11 to Second Substitute Senate Bill No. 5126.

The motion by Senator Fortunato did not carry and floor amendment no. 556 was not adopted by voice vote.

#### SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:

SUBSTITUTE SENATE BILL NO. 5068,  
 SENATE BILL NO. 5106,  
 SENATE BILL NO. 5184,  
 SUBSTITUTE SENATE BILL NO. 5228,  
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5284.

#### MOTION

Senator Rivers moved that the following floor amendment no. 568 by Senator Rivers be adopted:

On page 21, line 35, after "entities." insert "Whenever a covered entity ceases to be a covered entity, the department shall notify the legislature of the name of the entity and the reason the entity is no longer a covered entity."

Senators Rivers and Carlyle spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 568 by Senator Rivers on page 21, line 35 to Second Substitute Senate Bill No. 5126.

The motion by Senator Rivers carried and floor amendment no. 568 was adopted by voice vote.

#### MOTION

Senator Warnick moved that the following floor amendment

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no. 677 by Senator Warnick be adopted:

On page 23, after line 4, insert the following:

"(9) Beginning with the effective date of this section, any rule adopted or amended under the authority of this section expires June 30th of the year following adoption unless the legislature by bill acts to postpone the expiration."

Senators Warnick, Wagoner, Muzzall and Wilson, L. spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 677 by Senator Warnick on page 23, line 4 to Second Substitute Senate Bill No. 5126.

The motion by Senator Warnick did not carry and floor amendment no. 677 was not adopted by voice vote.

MOTION

Senator Wilson, J. moved that the following floor amendment no. 543 by Senator Wilson, J. be adopted:

On page 24, line 11, after "rule." insert "Information about the contents of each holding account, including but not limited to the number of allowances in the account, must be displayed on a regularly maintained and searchable public website established and updated by the department."

Senators Wilson, J. and Carlyle spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 543 by Senator Wilson, J. on page 24, line 11 to Second Substitute Senate Bill No. 5126.

The motion by Senator Wilson, J. carried and floor amendment no. 543 was adopted by voice vote.

MOTION

Senator Short moved that the following floor amendment no. 562 by Senator Short be adopted:

On page 24, after line 15, insert the following:

"(10) The department shall maintain a public roster of all covered entities, opt-in entities, and general market participants on the department's public website."

Senators Short and Carlyle spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 562 by Senator Short on page 24, line 15 to Second Substitute Senate Bill No. 5126.

The motion by Senator Short carried and floor amendment no. 562 was adopted by voice vote.

MOTION

Senator Warnick moved that the following floor amendment no. 678 by Senator Warnick be adopted:

On page 24, after line 15, insert the following:

"(10) Beginning with the effective date of this section, any rule adopted or amended under the authority of this section expires June 30th of the year following adoption unless the legislature by bill acts to postpone the expiration."

Senator Warnick spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 678 by Senator Warnick on page 24, line 15 to Second Substitute Senate Bill No. 5126.

The motion by Senator Warnick did not carry and floor amendment no. 678 was not adopted by voice vote.

SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:

- SUBSTITUTE SENATE BILL NO. 5152
- SENATE BILL NO. 5303,
- ENGROSSED SENATE BILL NO. 5356
- SENATE BILL NO. 5385
- SUBSTITUTE SENATE BILL NO. 5425
- SENATE BILL NO. 5431

MOTION

Senator Short moved that the following floor amendment no. 563 by Senator Short be adopted:

On page 26, beginning on line 33, after "in the" strike "state treasury" and insert "motor vehicle fund"

Senators Short and Rivers spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 563 by Senator Short on page 26, line 33 to Second Substitute Senate Bill No. 5126.

The motion by Senator Short did not carry and floor amendment no. 563 was not adopted by voice vote.

MOTION

Senator Braun moved that the following floor amendment no. 681 by Senator Braun be adopted:

On page 27, after line 30, insert the following:

"(11) Beginning with the effective date of this section, any rule adopted or amended under the authority of this section expires June 30th of the year following adoption unless the legislature by bill acts to postpone the expiration."

Senators Braun and Ericksen spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 681 by Senator Braun on page 35, line 6 to Second Substitute Senate Bill No. 5126.

The motion by Senator Braun did not carry and floor amendment no. 681 was not adopted by voice vote.

MOTION

Senator Muzzall moved that the following floor amendment no. 531 by Senator Muzzall be adopted:

On page 28, at the beginning of line 30, strike "and"

On page 28, line 33, after "324199" insert "; and"

(n) Cattle feedlots, North American industry classification system code 112112"

Senator Muzzall spoke in favor of adoption of the amendment.  
Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 531 by Senator Muzzall on page 28, line 30 to Second Substitute Senate Bill No. 5126.

The motion by Senator Muzzall did not carry and floor amendment no. 531 was not adopted by voice vote.

#### MOTION

Senator Padden moved that the following floor amendment no. 544 by Senator Padden be adopted:

Beginning on page 28, line 34, strike all of subsection (2)  
Renumber the remaining subsections consecutively and correct any internal references accordingly.

Senators Padden and Ericksen spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 544 by Senator Padden on page 28, line 34 to Second Substitute Senate Bill No. 5126.

The motion by Senator Padden did not carry and floor amendment no. 544 was not adopted by voice vote.

#### MOTION

Senator Mullet moved that the following floor amendment no. 569 by Senator Mullet be adopted:

On page 29, line 30, after "(ii)" strike all material through "periods." on line 39 and insert "If an emissions-intensive and trade-exposed facility is not able to feasibly determine a carbon intensity benchmark based on its unique circumstances, the entity may elect to use a mass-based baseline that does not vary based on changes in production volumes. For each year during the first four-year compliance period that begins January 1, 2023, these facilities must be awarded no cost allowances equal to 100 percent of the facility's mass-based baseline. For each year during the second four-year compliance period that begins January 1, 2027, these facilities must be awarded no cost allowances equal to 97 percent of the facility's mass-based baseline. For each year during the third compliance period that begins January 1, 2031, these facilities must be awarded no cost allowances equal to 94 percent of the facility's mass-based baseline. Except as provided in (b)(iii) of this subsection, if a facility elects to use a mass-based baseline, it may not later convert to a carbon intensity benchmark during the first three compliance periods.

(iii) A facility with a North American industry classification system code beginning with 3364 that is utilizing a mass-based baseline in (b)(ii) of this subsection must receive an additional no cost allowance allocation under this section in order to accommodate an increase in production that increases its emissions above the baseline on a basis equivalent in principle to those awarded to entities utilizing a carbon intensity benchmark pursuant to this subsection (3)(b). The department shall establish methods to award, for any annual period, additional no cost allowance allocations under this section and, if appropriate based on projected production, to achieve a similar ongoing result through the adjustment of the facility's mass-based baseline. An eligible facility under this subsection that has elected to use a mass-based baseline may not convert to a carbon intensity benchmark until the next compliance period."

On page 31, line 40, after "2031." insert "The department shall

provide a recommendation to the legislature for the adoption of an annual allocation for a covered facility for its process emissions, separate from emissions associated with energy or heat production, based on a best available technology limitation."

Senators Mullet and Carlyle spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 569 by Senator Mullet on page 29, line 30 to Second Substitute Senate Bill No. 5126.

The motion by Senator Mullet carried and floor amendment no. 569 was adopted by voice vote.

#### MOTION

Senator Ericksen moved that the following floor amendment no. 552 by Senator Ericksen be adopted:

On page 32, after line 37, insert the following:

"(7) A covered entity may not transfer the allocation of no cost allowances to a compliance account for a separate division, facility, or other subentity of the same company."

Senators Ericksen, Wilson, J., Wagoner and Muzzall spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 552 by Senator Ericksen on page 32, line 37 to Second Substitute Senate Bill No. 5126.

The motion by Senator Ericksen did not carry and floor amendment no. 552 was not adopted by voice vote.

#### MOTION

Senator Braun moved that the following floor amendment no. 682 by Senator Braun be adopted:

On page 32, after line 37, insert the following:

"(7) Beginning with the effective date of this section, any rule adopted or amended under the authority of this section expires June 30th of the year following adoption unless the legislature by bill acts to postpone the expiration."

Senators Braun, Short, and Schoesler spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

#### REMARKS BY THE PRESIDENT

President Heck: "Senator Schoesler, I'm pretty sure it is not the visual in this instance. Sir, if you would be so kind as to don your sport jacket. It would be deeply appreciated."

Senator Schoesler continued his remarks.

Senator Ericksen spoke in favor of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 682 by Senator Braun on page 32, line 37 to Second Substitute Senate Bill No. 5126.

The motion by Senator Braun did not carry and floor amendment no. 682 was not adopted by voice vote.

#### MOTION

Senator Braun moved that the following floor amendment no. 683 by Senator Braun be adopted:

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On page 35, after line 6, insert the following:

"(9) Beginning with the effective date of this section, any rule adopted or amended under the authority of this section expires June 30th of the year following adoption unless the legislature by bill acts to postpone the expiration."

Senator Braun spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 683 by Senator Braun on page 35, line 6 to Second Substitute Senate Bill No. 5126.

The motion by Senator Braun did not carry and floor amendment no. 683 was not adopted by voice vote.

#### MOTION

Senator Braun moved that the following floor amendment no. 684 by Senator Braun be adopted:

On page 36, after line 37, insert the following:

"(5) Beginning with the effective date of this section, any rule adopted or amended under the authority of this section expires June 30th of the year following adoption unless the legislature by bill acts to postpone the expiration."

Senators Braun and Wagoner spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 684 by Senator Braun on page 36, line 37 to Second Substitute Senate Bill No. 5126.

The motion by Senator Braun did not carry and floor amendment no. 684 was not adopted by voice vote.

#### MOTION

Senator Braun moved that the following floor amendment no. 685 by Senator Braun be adopted:

On page 38, after line 5, insert the following:

"(6) Beginning with the effective date of this section, any rule adopted or amended under the authority of this section expires June 30th of the year following adoption unless the legislature by bill acts to postpone the expiration."

Senator Braun spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 685 by Senator Braun on page 38, line 5 to Second Substitute Senate Bill No. 5126.

The motion by Senator Braun did not carry and floor amendment no. 685 was not adopted by voice vote.

#### MOTION

Senator Braun moved that the following floor amendment no. 686 by Senator Braun be adopted:

On page 39, after line 8, insert the following:

"(7) Beginning with the effective date of this section, any rule adopted or amended under the authority of this section expires June 30th of the year following adoption unless the legislature by bill acts to postpone the expiration."

Senator Braun spoke in favor of adoption of the amendment.

#### WITHDRAWAL OF AMENDMENT

On motion of Senator Braun and without objection, floor amendment no. 686 by Senator Braun on page 39, line 8 to Second Substitute Senate Bill No. 5126 was withdrawn.

#### MOTION

Senator Warnick moved that the following floor amendment no. 540 by Senator Warnick be adopted:

On page 41, after line 36, insert the following:

"(5) A wind energy facility may only generate eligible offset credits if the wind energy facility was subject to a local review process and not certified under chapter 80.50 RCW."

Renumber the remaining subsections consecutively and correct any internal references accordingly.

Senators Warnick, Ericksen, Dozier, King, Braun, Padden and Schoesler spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 540 by Senator Warnick on page 41, line 36 to Second Substitute Senate Bill No. 5126.

The motion by Senator Warnick did not carry and floor amendment no. 540 was not adopted by voice vote.

#### MOTION

Senator Braun moved that the following floor amendment no. 687 by Senator Braun be adopted:

On page 42, after line 2, insert the following:

"(7) Beginning with the effective date of this section, any rule adopted or amended under the authority of this section expires June 30th of the year following adoption unless the legislature by bill acts to postpone the expiration."

Senators Braun and Short spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 687 by Senator Braun on page 42, line 2 to Second Substitute Senate Bill No. 5126.

The motion by Senator Braun did not carry and floor amendment no. 687 was not adopted by voice vote.

#### MOTION

Senator Fortunato moved that the following floor amendment no. 557 by Senator Fortunato be adopted:

On page 46, after line 15, insert the following:

"(5) A linkage agreement must be renewed every two years under a memorandum of understanding signed by the governor or supreme executive officer of each linked jurisdiction. The program must be suspended if a governor or supreme executive officer in a linked jurisdiction does not agree to renewal."

Senator Fortunato spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the

adoption of floor amendment no. 557 by Senator Fortunato on page 46, line 15 to Second Substitute Senate Bill No. 5126.

The motion by Senator Fortunato did not carry and floor amendment no. 557 was not adopted by voice vote.

#### MOTION

Senator Short moved that the following floor amendment no. 679 by Senator Short be adopted:

On page 46, line 16, after "RULES." insert "(1)"

On page 46, after line 24, insert the following:

"(2) Beginning with the effective date of this section, any rule adopted or amended under the authority of this act expires June 30th of the year following adoption unless the legislature by bill acts to postpone the expiration."

Senators Short, Wilson, J., Braun and Muzzall spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 679 by Senator Short on page 46, line 16 to Second Substitute Senate Bill No. 5126.

The motion by Senator Short did not carry and floor amendment no. 679 was not adopted by voice vote.

#### MOTION

Senator Ericksen moved that the following floor amendment no. 553 by Senator Ericksen be adopted:

On page 47, line 4, after "individuals." insert "Expenditure decisions for the account may not be made on the basis of race, sex, color, ethnicity, or national origin."

Senators Ericksen and Fortunato spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 553 by Senator Ericksen on page 47, line 4 to Second Substitute Senate Bill No. 5126.

The motion by Senator Ericksen did not carry and floor amendment no. 553 was not adopted by voice vote.

#### MOTION

Senator Wagoner moved that the following floor amendment no. 541 by Senator Wagoner be adopted:

On page 50, after line 5, insert the following:

"(4) Moneys in the account may not be used for projects that involve the exercise of eminent domain."

Senator Wagoner spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 541 by Senator Wagoner on page 50, line 5 to Second Substitute Senate Bill No. 5126.

The motion by Senator Wagoner did not carry and floor amendment no. 541 was not adopted by voice vote.

#### MOTION

Senator Braun moved that the following floor amendment no. 573 by Senator Braun be adopted:

On page 57, after line 11, insert the following:

"(7) The state shall issue all permits and any other similar approvals necessary to permit the Kalama manufacturing and marine export facility."

Senator Braun spoke in favor of adoption of the amendment.

#### WITHDRAWAL OF AMENDMENT

On motion of Senator Braun and without objection, floor amendment no. 573 by Senator Braun on page 57, line 11 to Second Substitute Senate Bill No. 5126 was withdrawn.

#### MOTION

Senator Short moved that the following floor amendment no. 564 by Senator Short be adopted:

On page 57, after line 27, insert the following:

"(3) All rule making authorized under this act must be conducted according to the standards for significant legislative rules provided in RCW 34.05.328."

Senators Short and Rivers spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 564 by Senator Short on page 57, line 27 to Second Substitute Senate Bill No. 5126.

The motion by Senator Short did not carry and floor amendment no. 564 was not adopted by voice vote.

#### MOTION

Senator Short moved that the following floor amendment no. 565 by Senator Short be adopted:

On page 58, after line 32, insert the following:

"**NEW SECTION. Sec. 31.** (1) The department of ecology shall not enforce chapter 173-442 WAC.

(2) The department of ecology shall repeal: (a) Chapter 173-442 WAC; and (b) the associated amendments to chapter 173-441 WAC that were adopted for the purpose of aligning chapters 173-441 and 173-442 WAC."

Renumber the remaining section consecutively and correct any internal references accordingly.

On page 1, line 3 of the title, after "creating" strike "a new section" and insert "new sections"

Senator Short spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 565 by Senator Short on page 58, line 32 to Second Substitute Senate Bill No. 5126.

The motion by Senator Short did not carry and floor amendment no. 565 was not adopted by voice vote.

#### MOTION

Senator Braun moved that the following floor amendment no. 680 by Senator Braun be adopted:

On page 58, after line 32, insert the following:

"**NEW SECTION. Sec. 31.** The legislature finds that the manufacturing industry in Washington is an important source of jobs that pay significantly more than the average state wage. The

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legislature also finds that even prior to the coronavirus pandemic, the manufacturing industry had lost more than 43,000 jobs during the 21st century, while other leading Washington industries have collectively added hundreds of thousands of jobs. The legislature further finds that the coronavirus pandemic has exposed the detriments of limited manufacturing capacity at times when the people need a reliable supply of basic core products and goods.

It is the intent of the legislature to encourage a resurgence of manufacturing capacity in Washington and the creation of family-wage jobs by reducing the tax burden on the manufacturing industry. It is intended that sections 31 through 41 of this act will not only enhance the security of the public by promoting self-sufficiency, but also draw new industries to Washington.

**Sec. 32.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to read as follows:

Upon every person engaging within this state in business as a manufacturer or processor for hire, except persons taxable as manufacturers or processors for hire under other provisions of this chapter; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, manufactured or processed, multiplied by the rate ~~((of 0.484 percent))~~ specified in section 40 of this act.

The measure of the tax is the value of the products, including by-products, so manufactured regardless of the place of sale or the fact that deliveries may be made to points outside the state.

**Sec. 33.** RCW 82.04.2404 and 2017 3rd sp.s. c 37 s 503 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing or processing for hire semiconductor materials, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured, or, in the case of processors for hire, equal to the gross income of the business, multiplied by the rate ~~((of 0.275 percent))~~ specified in section 40 of this act.

(2) For the purposes of this section "semiconductor materials" means silicon crystals, silicon ingots, raw polished semiconductor wafers, and compound semiconductor wafers.

~~(3) ((A person reporting under the tax rate provided in this section must file a complete annual tax performance report with the department under RCW 82.32.534.~~

~~(4) Any person who has claimed the preferential tax rate under this section must reimburse the department for fifty percent of the amount of the tax preference under this section, if:~~

~~(a) The number of persons employed by the person claiming the tax preference is less than ninety percent of the person's three-year employment average for the three years immediately preceding the year in which the preferential tax rate is claimed; or~~

~~(b) The person is subject to a review under section 501(4)(a), chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet performance criteria in section 501(4)(a), chapter 37, Laws of 2017 3rd sp. sess.~~

~~(5)) This section expires December 1, 2028.~~

**Sec. 34.** RCW 82.04.260 and 2020 c 165 s 3 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate ~~((of 0.138 percent))~~ specified in section 40 of this act;

(b) Beginning July 1, 2025, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the

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manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured multiplied by the rate specified in section 40 of this act or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c)(i) Except as provided otherwise in (c)(iii) of this subsection, from July 1, 2025, until January 1, 2036, dairy products; or selling dairy products that the person has manufactured to purchasers who either transport in the ordinary course of business the goods out of state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product; as to such persons the tax imposed is equal to the value of the products manufactured multiplied by the rate specified in section 40 of this act or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(ii) For the purposes of this subsection (1)(c), "dairy products" means:

(A) Products, not including any marijuana-infused product, that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products, such as whey and casein; and

(B) Products comprised of not less than ~~((seventy))~~ 70 percent dairy products that qualify under (c)(ii)(A) of this subsection, measured by weight or volume.

(iii) The preferential tax rate provided to taxpayers under this subsection (1)(c) does not apply to sales of dairy products on or after July 1, 2023, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product;

(d)(i) Beginning July 1, 2025, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured multiplied by the rate specified in section 40 of this act or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state.

(ii) For purposes of this subsection (1)(d), "fruits" and "vegetables" do not include marijuana, useable marijuana, or marijuana-infused products; and

(e) Wood biomass fuel; as to such persons the amount of tax with respect to the business is equal to the value of wood biomass fuel manufactured, multiplied by the rate ~~((of 0.138 percent))~~ specified in section 40 of this act. For the purposes of this section, "wood biomass fuel" means a liquid or gaseous fuel that is produced from lignocellulosic feedstocks, including wood, forest, or field residue and dedicated energy crops, and that does not

include wood treated with chemical preservations such as creosote, pentachlorophenol, or copper-chrome-arsenic.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate (~~(of 0.138 percent)~~) specified in section 40 of this act.

(3) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate (~~(of 0.138 percent)~~) specified in section 40 of this act.

(5)(a) Upon every person engaging within this state in the business of acting as a travel agent or tour operator and whose annual taxable amount for the prior calendar year was (~~two hundred fifty thousand dollars~~) \$250,000 or less; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(b) Upon every person engaging within this state in the business of acting as a travel agent or tour operator and whose annual taxable amount for the calendar year was more than (~~two hundred fifty thousand dollars~~) \$250,000; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent through June 30, 2019, and 0.9 percent beginning July 1, 2019.

(6) Upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(7) Upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce; as to such persons the amount of tax with respect to such business is equal to the gross proceeds derived from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling

prior to delivery to consignee; terminal stevedoring and incidental vessel services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

(8)(a) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW (~~(43.145.010)~~) 70A.380.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter (~~(43.200)~~) 70A.384 RCW, multiplied by the rate of 3.3 percent.

(b) If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

(9) Upon every person engaging within this state as an insurance producer or title insurance agent licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

(10) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter.

(11)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007;

(ii) 0.2904 percent beginning July 1, 2007, through March 31, 2020; (~~and~~)

(iii) Beginning April 1, 2020, 0.484 percent, subject to any reduction required under (e) of this subsection (11). The tax rate in this subsection (11)(a)(iii) applies to (~~all~~) retailing and wholesaling business activities described in this subsection (11)(a); and

(iv) Beginning October 1, 2021, the rate specified in section 40 of this act for manufacturing activities described in this subsection (11)(a).

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection (11) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of:

(i) 0.2904 percent through March 31, 2020; and

(ii) Beginning April 1, 2020, the following rates, which are subject to any reduction required under (e) of this subsection (11):

(A) The generally applicable rate under (~~RCW 82.04.250(1)~~) this chapter on the business of making retail or wholesale sales of

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tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes; and

(B) ~~((0.484))~~ 0.00 percent on all other business activities described in this subsection (11)(b) beginning October 1, 2021.

(c) For the purposes of this subsection (11), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d)(i) In addition to all other requirements under this title, a person reporting ~~((under the tax rate))~~ a preferential tax rate for retailing or wholesaling activities provided in this subsection (11) must file a complete annual tax performance report with the department under RCW 82.32.534. However, this requirement does not apply to persons reporting under the tax rate in (a)(iii) of this subsection (11), so long as that rate remains 0.484 percent, or under any of the tax rates in (b)(ii)(A) and (B) of this subsection (11), so long as those tax rates remain the rate imposed pursuant to RCW 82.04.250(1) and 0.484 percent, respectively.

(ii) Nothing in (d)(i) of this subsection (11) may be construed as affecting the obligation of a person reporting under a tax rate provided in this subsection (11) to file a complete annual tax performance report with the department under RCW 82.32.534: (A) Pursuant to another provision of this title as a result of claiming a tax credit or exemption; or (B) pursuant to (d)(i) of this subsection (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of this subsection (11) for periods ending before April 1, 2020.

(e)(i) After March 31, 2021, the tax rates under (a)(iii) and (b)(ii)(A) of this subsection (11) must be reduced to 0.357 percent for retailing and wholesaling activities provided the conditions in RCW 82.04.2602 are met. The effective date of the rates authorized under this subsection (11)(e) must occur on the first day of the next calendar quarter that is at least ~~((sixty))~~ 60 days after the department receives the last of the two written notices pursuant to RCW 82.04.2602 (3) and (4).

(ii) Both a significant commercial airplane manufacturer separately and the rest of the aerospace industry as a whole, receiving the rate of 0.357 percent under this subsection (11)(e) are subject to the aerospace apprenticeship utilization rates required under RCW 49.04.220 by April 1, 2026, or five years after the effective date of the 0.357 percent rate authorized under this subsection (11)(e), whichever is later, as determined by the department of labor and industries.

(iii) The provisions of RCW 82.32.805 and 82.32.808 do not apply to this subsection (11)(e).

(f)(i) Except as provided in (f)(ii) of this subsection (11), this subsection (11) does not apply on and after July 1, 2040.

(ii) With respect to ~~((the manufacturing of commercial airplanes or))~~ making sales, at retail or wholesale, of commercial airplanes, this subsection (11) does not apply on and after July 1st of the year in which the department makes a determination that any final assembly or wing assembly of any version or variant of a commercial airplane that is the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850 has been sited outside the state of Washington. This subsection (11)(f)(ii) only applies to the ~~((manufacturing or))~~ sale of commercial airplanes that are the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850. This subsection (11)(f)(ii) continues to apply during the time that a person is subject to the tax rate in (a)(iii) of this subsection (11).

(g) For the purposes of this subsection, "a significant commercial airplane manufacturer" means a manufacturer of commercial airplanes with at least ~~((fifty thousand))~~ 50,000 full-time employees in Washington as of January 1, 2021.

(12)(a) Until July 1, 2045, upon every person engaging within

this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and ~~((0.2904))~~ 0.00 percent from July 1, 2007, through June 30, 2045.

(b) Until July 1, 2045, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; (ii) timber products into other timber products or wood products; or (iii) products defined in RCW 19.27.570(1); as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and ~~((0.2904 percent))~~ the rate specified in section 40 of this act from July 1, 2007, through June 30, 2045.

(c) Until July 1, 2045, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted by that person; (ii) timber products manufactured by that person from timber or other timber products; (iii) wood products manufactured by that person from timber or timber products; or (iv) products defined in RCW 19.27.570(1) manufactured by that person; as to such persons the amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products, wood products, or products defined in RCW 19.27.570(1) multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and ~~((0.2904))~~ 0.00 percent from July 1, 2007, through June 30, 2045.

(d) Until July 1, 2045, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection (12)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within ~~((thirty))~~ 30 months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than ~~((fifty))~~ 50 percent recycled paper and that also use nonpetroleum-based phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having fifty percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection (12)(e)(iii), "postconsumer waste" means a finished material that would

normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recovered paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection (12) must file a complete annual tax performance report with the department under RCW 82.32.534.

(g) Nothing in this subsection (12) may be construed to affect the taxation of any activity defined as a retail sale in RCW 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

(13) Upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(14)(a) Upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.35 percent until July 1, 2024, and 0.484 percent thereafter.

(b) A person reporting under the tax rate provided in this subsection (14) must file a complete annual tax performance report with the department under RCW 82.32.534.

**Sec. 35.** RCW 82.04.2909 and 2017 c 135 s 12 are each amended to read as follows:

(1) Upon every person who is an aluminum smelter engaging within this state in the business of manufacturing aluminum; as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate (~~(of 2.904 percent)~~) specified in section 40 of this act.

(2) Upon every person who is an aluminum smelter engaging within this state in the business of making sales at wholesale of aluminum manufactured by that person, as to such persons the amount of tax with respect to such business is equal to the gross proceeds of sales of the aluminum multiplied by the rate of .2904 percent.

(3) A person reporting under the tax rate provided in subsection (2) of this section must file a complete annual tax performance report with the department under RCW 82.32.534.

(4) This section expires January 1, 2027.

**Sec. 36.** RCW 82.04.294 and 2017 3rd sp.s. c 37 s 403 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing solar energy systems using photovoltaic modules or stirling converters, or of manufacturing solar grade silicon, silicon solar wafers, silicon solar cells, thin film solar devices, or compound semiconductor solar wafers to be

used exclusively in components of such systems; as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate (~~(of 0.275 percent)~~) specified in section 40 of this act.

(2) Upon every person engaging within this state in the business of making sales at wholesale of solar energy systems using photovoltaic modules or stirling converters, or of solar grade silicon, silicon solar wafers, silicon solar cells, thin film solar devices, or compound semiconductor solar wafers to be used exclusively in components of such systems, manufactured by that person; as to such persons the amount of tax with respect to such business is equal to the gross proceeds of sales of the solar energy systems using photovoltaic modules or stirling converters, or of the solar grade silicon to be used exclusively in components of such systems, multiplied by the rate of 0.275 percent.

(3) Silicon solar wafers, silicon solar cells, thin film solar devices, solar grade silicon, or compound semiconductor solar wafers are "semiconductor materials" for the purposes of RCW 82.08.9651 and 82.12.9651.

(4) The definitions in this subsection apply throughout this section.

(a) "Compound semiconductor solar wafers" means a semiconductor solar wafer composed of elements from two or more different groups of the periodic table.

(b) "Module" means the smallest nondivisible self-contained physical structure housing interconnected photovoltaic cells and providing a single direct current electrical output.

(c) "Photovoltaic cell" means a device that converts light directly into electricity without moving parts.

(d) "Silicon solar cells" means a photovoltaic cell manufactured from a silicon solar wafer.

(e) "Silicon solar wafers" means a silicon wafer manufactured for solar conversion purposes.

(f) "Solar energy system" means any device or combination of devices or elements that rely upon direct sunlight as an energy source for use in the generation of electricity.

(g) "Solar grade silicon" means high-purity silicon used exclusively in components of solar energy systems using photovoltaic modules to capture direct sunlight. "Solar grade silicon" does not include silicon used in semiconductors.

(h) "Stirling converter" means a device that produces electricity by converting heat from a solar source utilizing a stirling engine.

(i) "Thin film solar devices" means a nonparticipating substrate on which various semiconducting materials are deposited to produce a photovoltaic cell that is used to generate electricity.

(5) A person reporting under the tax rate provided in subsection (2) of this section must file a complete annual tax performance report with the department under RCW 82.32.534.

(6) This section expires July 1, 2027.

**Sec. 37.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of: (a) Printing materials other than newspapers, and of publishing periodicals or magazines; (b) building, repairing or improving any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used, primarily for foot or vehicular traffic including mass transportation vehicles of any kind and including any readjustment, reconstruction or relocation of the facilities of any public, private or cooperatively owned utility or railroad in the course of such building, repairing or improving, the cost of which readjustment, reconstruction, or

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relocation, is the responsibility of the public authority whose street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle is being built, repaired or improved; (c) extracting for hire ~~((or processing for hire))~~, except persons taxable as extractors for hire ~~((or processors for hire))~~ under another section of this chapter; (d) operating a cold storage warehouse or storage warehouse, but not including the rental of cold storage lockers; (e) representing and performing services for fire or casualty insurance companies as an independent resident managing general agent licensed under the provisions of chapter 48.17 RCW; (f) radio and television broadcasting, but excluding revenues from network, national, and regional advertising computed either: (i) As a standard deduction that the department must publish by rule by September 30, 2020, and by September 30th of every fifth year thereafter, based on the national average thereof as reported by the United States census bureau's economic census; or (ii) in lieu thereof by itemization by the individual broadcasting station, and excluding that portion of revenue represented by the out-of-state audience computed as a ratio to the broadcasting station's total audience as measured by the .5 millivolt/meter signal strength contour for AM radio, the one millivolt/meter or ~~((sixty))~~ 60 dBU signal strength contour for FM radio, the ~~((twenty-eight))~~ 28 dBU signal strength contour for television channels two through six, the ~~((thirty-six))~~ 36 dBU signal strength contour for television channels seven through ~~((thirteen))~~ 13, and the ~~((forty-one))~~ 41 dBU signal strength contour for television channels ~~((fourteen))~~ 14 through ~~((sixty-nine))~~ 69 with delivery by wire, satellite, or any other means, if any; (g) engaging in activities which bring a person within the definition of consumer contained in RCW 82.04.190(6); as to such persons, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.484 percent.

(2) For the purposes of this section, the following definitions apply unless the context clearly requires otherwise.

(a) "Cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or fowl, or any combination thereof, at a desired temperature to maintain the quality of the product for orderly marketing.

(b) "Storage warehouse" means a building or structure, or any part thereof, in which goods, wares, or merchandise are received for storage for compensation, except field warehouses, fruit warehouses, fruit packing plants, warehouses licensed under chapter 22.09 RCW, public garages storing automobiles, railroad freight sheds, docks and wharves, and "self-storage" or "mini storage" facilities whereby customers have direct access to individual storage areas by separate entrance. "Storage warehouse" does not include a building or structure, or that part of such building or structure, in which an activity taxable under RCW 82.04.272 is conducted.

(c) "Periodical or magazine" means a printed publication, other than a newspaper, issued regularly at stated intervals at least once every three months, including any supplement or special edition of the publication.

**Sec. 38.** RCW 82.32.790 and 2019 c 449 s 2 are each amended to read as follows:

(1)(a) Section ~~((2))~~ 1, chapter 449, Laws of 2019, sections 510, 512, 514, 516, ~~((518,))~~ 520, 522, and 524, chapter 37, Laws of 2017 3rd sp. sess., sections ~~((9,))~~ 13, 17, 22, 24, 30, 32, and 45, chapter 135, Laws of 2017, sections ~~((404,))~~ 110, 117, 123, 125, 129, 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, ~~((3,))~~ and 5 through 10, chapter 149, Laws of 2003 are contingent upon the siting and commercial operation of a significant

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semiconductor microchip fabrication facility in the state of Washington by January 1, 2024.

(b) For the purposes of this section:

(i) "Commercial operation" means the same as "commencement of commercial production" as used in RCW 82.08.965.

(ii) "Semiconductor microchip fabrication" means "manufacturing semiconductor microchips" as defined in RCW 82.04.426.

(iii) "Significant" means the combined investment of new buildings and new machinery and equipment in the buildings, at the commencement of commercial production, will be at least ~~((one billion dollars))~~ \$1,000,000,000.

(2) The sections referenced in subsection (1) of this section take effect the first day of the month in which a contract for the construction of a significant semiconductor fabrication facility is signed, if the contract is signed and received by January 1, 2024, as determined by the director of the department of revenue.

(3)(a) The department of revenue must provide notice of the effective date of the sections referenced in subsection (1) of this section to affected taxpayers, the legislature, and others as deemed appropriate by the department.

(b) If, after making a determination that a contract has been signed and the sections referenced in subsection (1) of this section are effective, the department discovers that commencement of commercial production did not take place within three years of the date the contract was signed, the department must make a determination that chapter 149, Laws of 2003 is no longer effective, and all taxes that would have been otherwise due are deemed deferred taxes and are immediately assessed and payable from any person reporting tax under RCW 82.04.240~~((2))~~ or claiming an exemption or credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965, 82.08.970, 82.12.970, or 84.36.645. The department is not authorized to make a second determination regarding the effective date of the sections referenced in subsection (1) of this section.

(4)(a) This section expires January 1, 2024, if the contingency in subsection (2) of this section does not occur by January 1, 2024, as determined by the department.

(b) The department must provide written notice of the expiration date of this section and the sections referenced in subsection (1) of this section to affected taxpayers, the legislature, and others as deemed appropriate by the department.

**NEW SECTION. Sec. 39.** 2017 3rd sp.s. c 37 s 518, 2017 c 135 s 9, 2010 c 114 s 104, & 2003 c 149 s 3 are each repealed.

**NEW SECTION. Sec. 40.** A new section is added to chapter 82.04 RCW to read as follows:

The following rates apply to manufacturing and processing for hire activities:

(1) Beginning October 1, 2021, 80 percent of the rate otherwise required under the applicable provision of law;

(2) Beginning July 1, 2022, 60 percent of the rate otherwise required under the applicable provision of law;

(3) Beginning July 1, 2023, 40 percent of the rate otherwise required under the applicable provision of law;

(4) Beginning July 1, 2024, 20 percent of the rate otherwise required under the applicable provision of law; and

(5) Beginning July 1, 2025, 0 percent of the rate otherwise required under the applicable provision of law.

**NEW SECTION. Sec. 41.** Sections 31 through 40 of this act take effect October 1, 2021."

Re-number the remaining section consecutively and correct any internal references accordingly.

On page 1, beginning on line 2 of the title, after "amending RCW" strike all material through "date." on line 4 and insert

"70A.15.2200, 43.88.055, 82.04.240, 82.04.2404, 82.04.260, 82.04.2909, 82.04.294, 82.04.280, and 82.32.790; adding a new section to chapter 82.04 RCW; adding a new chapter to Title 70A RCW; creating new sections; repealing 2017 3rd sp.s. c 37 s 518, 2017 c 135 s 9, 2010 c 114 s 104, and 2003 c 149 s 3; prescribing penalties; providing an effective date; and providing a contingent effective date."

Senator Braun spoke in favor of adoption of the amendment.

#### POINT OF ORDER

Senator Liias: "Mr. President, I believe that amendment no. 680 exceeds the scope and object of the bill before us."

Senator Liias spoke for the motion to declare the amendment out of order.

Senator Braun spoke against the motion to declare the amendment out of order.

#### RULING BY THE PRESIDENT

President Heck: "The President will be releasing a written ruling with respect to Senator Liias' scope and object request later, but the President is ready to make a ruling. The President finds the amendment author's argument that it is within the object of the bill to be persuasive. The object of the bill is to reduce CO<sub>2</sub> emissions on a global basis and efforts to reduce leakage would serve that purpose or arguably could. The President further finds however, that the issues associated with the scope of the bill are problematic if not highly problematic. Namely there are no provisions relating to tax mitigation within the bill itself to begin with. And moreover, the proposed phase-out of the B&O tax on manufacturing would apply frankly mostly to businesses that are not even covered entities within the bill as written. Therefore, the President of the Senate finds the amendment beyond the scope and object of the bill."

#### MOTION

Senator Braun moved that the following striking floor amendment no. 571 by Senator Braun be adopted:

Strike everything after the enacting clause and insert the following:

#### "PART I

#### **IMPOSING A CARBON POLLUTION TAX TO PROVIDE INDIVIDUAL AND BUSINESS TAX RELIEF, MITIGATE CLIMATE RISK, AND STABILIZE TRANSPORTATION FUNDING**

**NEW SECTION. Sec. 1.** This act establishes a carbon pollution tax to account for a significant share of the economic and environmental impacts of greenhouse gas emissions. The legislature intends to offset the tax burden imposed on Washingtonians from this tax by providing individual and business tax relief as identified in this act, including state property tax relief for homeowners, eliminating the business and occupation tax on manufacturing, and implementing the working families tax credit. The legislature also intends to provide a 21st century transportation system by dedicating the sales tax on vehicle sales to the transportation budget to finance transit and highway improvements to enhance the quality of life for all Washingtonians.

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

(1) "Aircraft fuel" has the same meaning as provided in RCW 82.42.010.

(2) "Carbon calculation" means a calculation made by the department of ecology, in consultation with the department of commerce, for purposes of determining the carbon dioxide emissions from the complete combustion or oxidation of fossil fuels for use in calculating the carbon pollution tax pursuant to section 3 of this act. The carbon calculation also includes the life-cycle analysis of emissions associated with these fuels determined under section 3 of this act.

(3) "Carbon dioxide equivalent" means a metric measure used to compare the emissions from various greenhouse gases based on their global warming potential.

(4) "Carbon pollution tax" means the tax created in section 3 of this act.

(5) "Coal" means a readily combustible rock of carbonaceous material, including anthracite coal, bituminous coal, subbituminous coal, lignite, waste coal, syncopal, and coke of any kind.

(6) "Department" means the department of revenue.

(7) "Direct access gas customer" means a person who purchases natural gas for consumption from any seller other than a seller registered with the department for purposes of paying taxes due under chapter 82.04 or 82.16 RCW.

(8) "Facility" means any physical property, plant, building, structure, source, or stationary equipment located on one or more contiguous or adjacent properties in actual physical contact or separated solely by a public roadway or other public right-of-way and under common ownership or common control, that emits or may emit any greenhouse gas.

(9) "Fossil fuel" means motor vehicle fuel, special fuel, dyed special fuel, aircraft fuel, natural gas, coal, and any form of solid, liquid, or gaseous fuel derived from natural gas, coal, petroleum, or crude oil, including without limitation still gas, propane, and petroleum residuals including bunker fuel.

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

(11) "Greenhouse gas" means carbon dioxide, methane, nitrogen trifluoride, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons, perfluorocarbons, and other fluorinated greenhouse gases.

(12) "Highly impacted community" has the same meaning as defined in RCW 19.405.020.

(13) "Motor vehicle fuel" has the same meaning as provided in RCW 82.38.020.

(14) "Natural gas" means naturally occurring mixtures of hydrocarbon gases and vapors consisting principally of methane, whether in gaseous or liquid form, including methane clathrate.

(15) "Person" has the same meaning as provided in RCW 82.04.030.

(16) "Sale" has the same meaning as provided in RCW 82.04.040.

(17) "Special fuel" has the same meaning as provided in RCW 82.38.020.

(18) "Taxpayer" means a person subject to the carbon pollution tax created in section 3 of this act.

(19) "Tribal lands" has the same meaning as "Indian country" as provided in 18 U.S.C. Sec. 1151, and also includes sacred sites, traditional cultural properties, burial grounds, and other tribal sites protected by federal or state law.

(20)(a) "Use," "used," "using," or "put to use" means, with respect to any fossil fuel other than natural gas, the consumption in this state of the fossil fuel by the taxpayer or the possession or storage in this state of the fossil fuel by the taxpayer preparatory to subsequent consumption of the fossil fuel within this state by the taxpayer.

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(b) "Use," "used," "using," or "put to use" means, with respect to natural gas, the consumption in this state of the fossil fuel by the taxpayer.

(c) For the purposes of this subsection, "possession" means the control of fossil fuel located within this state and includes either actual or constructive possession, or both. "Actual possession" occurs when the person with control has physical possession. "Constructive possession" occurs when the person with control does not have physical possession. "Control" means the power to sell or use a fossil fuel or to authorize the sale or use by another.

(21) "Vulnerable populations" has the same meaning as defined in RCW 19.405.020.

(22) "Year" means the 12-month period commencing January 1st and ending December 31st unless otherwise specified.

**NEW SECTION. Sec. 3.** (1)(a) Beginning July 1, 2022, a carbon pollution tax is imposed on the sale or use within this state of all fossil fuels, except fossil fuels used to generate electricity in the state.

(b) The measure of the carbon pollution tax is the carbon dioxide equivalent emissions:

(i) Resulting from the complete combustion or oxidation of fossil fuels sold or used by the taxpayer within this state; and

(ii) For the purposes of measuring the tax rate under subsection (2) of this section only, from the entire life cycle of the fossil fuel.

(2) The tax rate as of July 1, 2022, is equal to \$15.00 per metric ton of greenhouse gas emissions. The tax rate automatically increases annually each July 1st thereafter by five percent each year and is adjusted for inflation using the consumer price index.

(3) By January 1, 2031, the department of ecology shall make a determination of whether the sources of emissions covered by this tax are predicted to achieve their combined share of the emissions reductions necessary for the state to achieve the emissions limits established in RCW 70A.45.020. By January 1, 2031, the department of ecology must provide the legislature with a report detailing its determination with recommendations, pursuant to the tax and covered sources, for achieving the emissions limits established in RCW 70A.45.020.

(4) For the purposes of this chapter, the carbon pollution tax is imposed:

(a) Only once with respect to the same unit of fossil fuel;

(b) At the time and place of the first event within this state in which the tax is applicable, except as otherwise provided in this section, occurring on or after the effective date of this section, regardless of whether the fossil fuel was previously sold, used, or consumed within this state before the effective date of this section; and

(c) Upon the first person within this state upon which the tax would be applicable, except as otherwise provided in this section. Such a person includes:

(i) A person required to be registered with the department under RCW 82.32.030(1);

(ii) The state, its political subdivisions, and municipal corporations; and

(iii) A person who maintains a place of business in this state but who is not required to be registered with the department under RCW 82.32.030(1).

(5) As provided in this section, the carbon pollution tax on the sale or use of fossil fuels is imposed on the seller or user of the fossil fuel.

(6) The carbon pollution tax on the sale or use of natural gas is imposed as follows:

(a) Natural gas transported through the state that is not produced or delivered in the state is exempt from the carbon pollution tax imposed by this section. Natural gas possessed or stored in this state is exempt from the carbon pollution tax

imposed by this section unless the tax is otherwise applicable under (b) or (c) of this subsection;

(b) For natural gas sold by a gas distribution business to a retail customer in the state, the carbon pollution tax is imposed on the gas distribution business upon the sale of such natural gas to the retail customer; and

(c) For natural gas sold to a direct access gas customer in the state, the carbon pollution tax is imposed on the direct access gas customer upon the consumption of such natural gas by the direct access gas customer.

(7) For motor vehicle fuel and special fuel, the carbon pollution tax is imposed on the seller or user of the fuel at the points of taxation specified in RCW 82.38.030(9).

(8)(a) The carbon pollution tax may not be applied to the sale or use of any fossil fuels or consumption of electricity upon which the tax under this chapter has been previously imposed.

(b) A sale of fossil fuel takes place in this state when the fossil fuel is delivered in this state to the purchaser or a person designated by the purchaser, notwithstanding any contract terms designating a location outside of this state as the place of sale.

(c) All sales subject to the tax within this state of a fossil fuel must document the amount of carbon pollution tax paid in accordance with rules adopted by the department.

(9) For purposes of determining the carbon pollution tax due under this chapter:

(a) The department must use the carbon calculation for all fossil fuels sold or used within the state, a calculation of the life-cycle emissions associated with the consumption in the state of transportation fuels;

(b) For fossil fuels, the department of ecology, in consultation with the department of commerce, must adopt by rule criteria for making the carbon calculation;

(c) The department of ecology may require additional information from sources as necessary, in consultation with the department of commerce, for determining the carbon calculation under this chapter.

(10) For taxpayers who are also subject to any of the taxes imposed under chapter 82.04, 82.08, 82.12, or 82.16 RCW, the frequency of reporting and payment of the carbon pollution tax must, to the extent practicable, coincide with a taxpayer's reporting periods for the taxes imposed under chapter 82.04, 82.08, 82.12, or 82.16 RCW.

(11) The department must develop and make available worksheets, tax tables, and guidance documents it deems necessary to calculate the carbon dioxide emissions of fossil fuels.

(12) The first \$500,000,000 of carbon pollution tax proceeds collected under this section must be deposited in the forest resiliency account created in RCW 43.79 . . . (section 964, chapter . . . (Engrossed Substitute Senate Bill No. 5092), Laws of 2021) and must be used to implement the department of natural resources' forest health plan, as specified in chapter 95, Laws of 2017. All remaining proceeds from the carbon pollution tax imposed under this section must be deposited in the state general fund.

**NEW SECTION. Sec. 4.** (1) The carbon pollution tax in section 3 of this act does not apply to:

(a) Fossil fuels brought into this state by means of the primary fuel supply tank of a motor vehicle, vessel, locomotive, or aircraft, actively supplying fuel for combustion upon entry into the state;

(b) Fossil fuels that the state is prohibited from imposing a tax under the state Constitution or the Constitution or laws of the United States;

(c)(i) Fossil fuels exported from this state. Export to Indian country located within the boundaries of this state is not

considered export from this state. For purposes of this subsection, "Indian country" has the same meaning as provided in RCW 37.12.160.

(ii) An exporter of fossil fuels upon which another person previously paid the carbon pollution tax is entitled to a credit or refund of the tax paid, if the exporter can establish to the department's satisfaction that the tax under this chapter was previously paid on the exported fossil fuels. The person who paid the carbon pollution tax is not entitled to an exemption under this subsection (1)(c) when any other person is entitled to a refund or credit under this subsection (1)(c)(ii). For purposes of this subsection, "exporter" means a person who exports fossil fuels or electricity from this state;

(d) The sale or use of coal transition power as defined in RCW 80.80.010;

(e) Diesel fuel, biodiesel fuel, or aircraft fuel when these fuels are used solely for agricultural purposes by a farm fuel user, as defined in RCW 82.08.865;

(f) Biogas, which includes renewable liquid natural gas or liquid compressed natural gas made from biogas, landfill gas, biodiesel, renewable diesel, and cellulosic ethanol;

(g) Aircraft fuel as defined in RCW 82.42.010;

(h) The portion of fossil fuels purchased in the state and combusted outside the state by interstate motor carriers and vessels used primarily in interstate or foreign commerce. The department must provide a methodology by rule to apportion fossil fuels consumed inside the state of Washington by interstate motor carriers and vessels used primarily in interstate or foreign commerce;

(i) Activities or property of Indian tribes and individual Indians that are exempt from state imposition of a tax as a matter of federal law or state law, whether by statute, rule, or compact;

(j) Motor vehicle fuel or special fuel that is used exclusively for agricultural purposes by a farm fuel user. This exemption is available only if a buyer of motor vehicle fuel or special fuel provides the seller with an exemption certificate in a form and manner prescribed by the department. For the purposes of this subsection (1)(j), "agricultural purposes" and "farm fuel user" have the same meanings as provided in RCW 82.08.865; the department shall determine a method for expanding this exemption to include fuels used for the purpose of transporting agricultural goods on public highways; the department shall maintain this expanded exemption for a period of five years, in order to provide the agricultural sector with a feasible transition period;

(k)(i) Motor vehicle fuel or special fuel that is used by the following: (A) Log transportation businesses; and (B) persons in the business of extracting timber. This exemption is available only if a buyer of motor vehicle fuel or special fuel provides the seller with an exemption certificate in a form and manner prescribed by the department; the department shall determine a method for expanding this exemption to include fuels used for the purpose of transporting timber on public highways; the department shall maintain this expanded exemption for a period of five years, in order to provide the timber sector with a feasible transition period.

(ii) For the purposes of this subsection (1)(k), the following definitions apply: (A) "Log transportation business" has the same meaning as provided in RCW 82.16.010; and (B) "timber" means forest trees, standing or down, on privately owned or publicly owned land, and does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035; and

(l) Any fossil fuels consumed by an energy-intensive, trade-exposed business in a sector designated by department rules. By June 30, 2022, the department in consultation with the

departments of commerce and ecology shall adopt rules to designate energy-intensive, trade-exposed industry sectors. By July 30, 2026, the department of ecology must provide a report to the appropriate committees of the senate and house of representatives on whether to restrict or eliminate this exemption identified in this subsection (1)(l). In developing the report, the department of ecology must solicit input and data from industry sectors and other interested persons. The report must include recommendations for alternatives that will minimize leakage, allow for growth of Washington industries, recognize and provide credit for early actions to reduce emissions, availability of alternative fuels, and incorporate performance benchmarking of emissions intensity in production processes.

(2)(a) For any fossil fuels subject to the carbon pollution tax imposed by section 3 of this act that are also subject to a comparable carbon pollution tax or charge on carbon content imposed by another jurisdiction, including the federal government or allowances required to be purchased by another jurisdiction, the entity may take a credit against the tax imposed under this chapter by the amount of the comparable pollution tax or charge paid to the other jurisdiction up to the amount of tax owed under this chapter, provided that the person claiming the credit provides evidence acceptable to the department that the equivalent tax has been paid.

(b) For the purposes of this section, a comparable carbon pollution tax or charge means a tax or charge that is not generally imposed on other activities or privileges that is:

(i) Imposed on the sale, use, possession, transfer, or consumption of fossil fuels; and

(ii) Measured in terms of greenhouse gas emissions by the greenhouse gas emissions resulting from the complete combustion or oxidation of such fossil fuels.

NEW SECTION. Sec. 5. The provisions of chapter 82.32 RCW apply to this chapter.

NEW SECTION. Sec. 6. This chapter may be known and cited as the Washington climate and economic relief act.

NEW SECTION. Sec. 7. Sections 1 through 6 of this act constitute a new chapter in Title 82 RCW.

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

## **PART II PROVIDING FINANCIAL RELIEF FOR WORKING FAMILIES**

**Sec. 9.** RCW 82.08.0206 and 2008 c 325 s 2 are each amended to read as follows:

(1) A working families' tax exemption, in the form of a remittance of tax due under this chapter and chapter 82.12 RCW, is provided to eligible low-income persons for sales taxes paid under this chapter after January 1, ~~((2008))~~ 2022.

(2) For purposes of the exemption in this section, ~~((an eligible low-income person is))~~ the following definitions apply:

(a) ~~((An))~~ "Eligible low-income person" means an individual ~~((, or an individual and that individual's spouse if they file a federal joint income tax return;~~

~~((b) [An individual who] Who is))~~ who:

~~((i) Is eligible for((, and is granted,))~~ the credit provided in Title 26 U.S.C. Sec. 32; and

~~((e) [An individual who] Who properly))~~ (ii) Properly files a federal income tax return as a Washington resident, and has been a resident of the state of Washington more than one hundred eighty days of the year for which the exemption is claimed.

(b) "Income" means earned income as defined by Title 26 U.S.C. Sec. 32.

(c) "Individual" means an individual and that individual's

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spouse if they file a federal joint income tax return.

~~(3) ((For remittances made in 2009 and 2010, the working families' tax exemption for the prior year is a retail sales tax exemption equal to the greater of five percent of the credit granted as a result of Title 26 U.S.C. Sec. 32 in the most recent year for which data is available or twenty-five dollars. For 2011)) (a) For 2023 and thereafter, the working families' tax ((exemption)) remittance amount for the prior year is equal to the greater of ten percent of the credit granted as a result of Title 26 U.S.C. Sec. 32 in the most recent year for which data is available or fifty dollars.~~

~~(b) If the remittance for an eligible person as calculated in this section is greater than one cent, but less than \$50, the remittance amount is \$50.~~

~~(4) ((For any fiscal period, the working families' tax exemption authorized under this section shall be approved by the legislature in the state omnibus appropriations act before persons may claim the exemption during the fiscal period.~~

~~(5)) The working families' tax exemption shall be administered as provided in this subsection.~~

~~((a) An eligible low income person claiming an exemption under this section must pay the tax imposed under chapters 82.08, 82.12, and 82.14 RCW in the year for which the exemption is claimed. The eligible low income person may then apply to the department for the remittance as calculated under subsection (3) of this section.~~

~~(b) Application shall be made to the department in a form and manner determined by the department, but the department must provide alternative filing methods for applicants who do not have access to electronic filing.~~

~~(c) Application for the exemption remittance under this section must be made in the year following the year for which the federal return was filed, but in no case may any remittance be provided for any period before January 1, 2008. The department may use the best available data to process the exemption remittance. The department shall begin accepting applications October 1, 2009.~~

~~(d) The department shall review the application and determine eligibility for the working families' tax exemption based on information provided by the applicant and through audit and other administrative records, including, when it deems it necessary, verification through internal revenue service data.~~

~~(e) The department shall remit the exempted amounts to eligible low income persons who submitted applications. Remittances may be made by electronic funds transfer or other means.~~

~~(f) The department may, in conjunction with other agencies or organizations, design and implement a public information campaign to inform potentially eligible persons of the existence of and requirements for this exemption.~~

~~(g) The department may contact persons who appear to be eligible low income persons as a result of information received from the internal revenue service under such conditions and requirements as the internal revenue service may by law require.~~

~~(6) The provisions of chapter 82.32 RCW apply to the exemption in this section.~~

~~(7) The department may adopt rules necessary to implement this section.~~

~~(8) The department shall limit its costs for the exemption program to the initial start up costs to implement the program. The state omnibus appropriations act shall specify funding to be used for the ongoing administrative costs of the program. These ongoing administrative costs include, but are not limited to, costs for: The processing of internet and mail applications, verification of application claims, compliance and collections, additional full-time employees at the department's call center, processing warrants, updating printed materials and web information, media~~

~~advertising, and support and maintenance of computer systems.)~~

~~(a) The remittance paid under this section will be paid to eligible filers who apply pursuant to this subsection.~~

~~(i) Application must be made to the department in a form and manner determined by the department. If the application process is initially done electronically, the department must provide a paper application upon request. The application must include any information and documentation as required by the department.~~

~~(ii) Application for the remittance under this section must be made in the year following the year for which the federal return was filed, but in no case may any remittance be provided for any period before January 1, 2022. The department must use the eligible person's most recent federal tax filing to process the remittance.~~

~~(iii) A person may not claim an exemption on behalf of a deceased individual. No individual may claim an exemption under this section for any year in a disallowance period under Title 26 U.S.C. Sec. 32(k)(1) or for any year for which the individual is ineligible to claim the credit in Title 26 U.S.C. Sec. 32 by reason of Title 26 U.S.C. Sec. 32(k)(2).~~

~~(b) The department shall protect the privacy and confidentiality of personal data of remittance recipients in accordance with chapter 82.32 RCW.~~

~~(c) The department shall, in conjunction with other agencies or organizations, design and implement a public information campaign to inform potentially eligible persons of the existence of, and requirements for, this section.~~

~~(d) The department must work with the internal revenue service to administer the exemption on an automatic basis as soon as practicable.~~

~~(5) Receipt of the remittance under this section may not be used in eligibility determinations for any state income support programs or in making public charge determinations.~~

~~(6) The department may adopt rules necessary to implement this section. This includes establishing a date by which applications will be accepted, with the aim of accepting applications as soon as possible. The department may gather necessary data through audit and other administrative records, including verification through internal revenue service data.~~

~~(7) The department must review the application and determine eligibility for the working families' tax exemption based on information provided by the applicant and through audit and other administrative records, including, when it deems it necessary, verification through internal revenue service data.~~

~~(8) If, upon review of internal revenue service data or other information obtained by the department, it appears that an individual received a remittance that the individual was not entitled to, or received a larger remittance than the individual was entitled to, the department may assess against the individual the overpaid amount. The department may also assess such overpaid amount against the individual's spouse if the remittance in question was based on both spouses filing a joint federal income tax return for the year for which the remittance was claimed.~~

~~(a) Interest as provided under RCW 82.32.050 applies to assessments authorized under this subsection (8). Except as otherwise provided in this subsection, penalties may not be assessed on amounts due under this subsection.~~

~~(b) If an amount due under this subsection is not paid in full by the date due, or the department issues a warrant for the collection of amounts due under this subsection, the department may assess the applicable penalties under RCW 82.32.090.~~

~~(c) If the department finds by clear, cogent, and convincing evidence that an individual knowingly submitted, caused to be submitted, or consented to the submission of, a fraudulent claim for remittance under this section, the department must assess a~~

penalty of 50 percent of the overpaid amount. This penalty is in addition to any other applicable penalties assessed in accordance with (b) of this subsection (8).

(9) If, within the period allowed for refunds under RCW 82.32.060, the department finds that an individual received a lesser remittance than the individual was entitled to, the department must remit the additional amount due under this section to the individual.

(10) Interest does not apply to remittances provided under this act.

(11) For any fiscal period, the working families' tax exemption authorized under this section shall be approved by the legislature in the state omnibus appropriations act before persons may claim the exemption during the fiscal period.

**NEW SECTION. Sec. 10.** The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act.

### PART III

#### PROVIDING TAX RELIEF TO PRESERVE AEROSPACE AND OTHER MANUFACTURING JOBS IN WASHINGTON

**NEW SECTION. Sec. 11.** The legislature finds that the manufacturing industry in Washington is an important source of jobs that pay significantly more than the average state wage. The legislature also finds that even prior to the coronavirus pandemic, the manufacturing industry had lost more than 43,000 jobs during the 21st century, while other leading Washington industries have collectively added hundreds of thousands of jobs. The legislature further finds that the coronavirus pandemic has exposed the detriments of limited manufacturing capacity at times when the people need a reliable supply of basic core products and goods.

It is the intent of the legislature to encourage a resurgence of manufacturing capacity in Washington and the creation of family-wage jobs by reducing the tax burden on the manufacturing industry. It is intended that this act will not only enhance the security of the public by promoting self-sufficiency, but also draw new industries to Washington.

**Sec. 12.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to read as follows:

Upon every person engaging within this state in business as a manufacturer or processor for hire, except persons taxable as manufacturers or processors for hire under other provisions of this chapter; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, manufactured or processed, multiplied by the rate of ~~((0.484))~~ 0.00 percent.

The measure of the tax is the value of the products, including by-products, so manufactured regardless of the place of sale or the fact that deliveries may be made to points outside the state.

**Sec. 13.** RCW 82.04.2404 and 2017 3rd sp.s. c 37 s 503 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing or processing for hire semiconductor materials, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured, or, in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of ~~((0.275))~~ 0.00 percent.

(2) For the purposes of this section "semiconductor materials" means silicon crystals, silicon ingots, raw polished semiconductor wafers, and compound semiconductor wafers.

~~(3) ((A person reporting under the tax rate provided in this section must file a complete annual tax performance report with the department under RCW 82.32.534.~~

~~(4) Any person who has claimed the preferential tax rate under this section must reimburse the department for fifty percent of the amount of the tax preference under this section, if:~~

~~(a) The number of persons employed by the person claiming the tax preference is less than ninety percent of the person's three-year employment average for the three years immediately preceding the year in which the preferential tax rate is claimed; or~~

~~(b) The person is subject to a review under section 501(4)(a), chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet performance criteria in section 501(4)(a), chapter 37, Laws of 2017 3rd sp. sess.~~

~~(5))~~ This section expires December 1, 2028.

**Sec. 14.** RCW 82.04.260 and 2020 c 165 s 3 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate of ~~((0.138))~~ 0.00 percent;

(b) Beginning July 1, 2025, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured multiplied by the rate of 0.00 percent or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c)(i) Except as provided otherwise in (c)(iii) of this subsection, from July 1, 2025, until January 1, 2036, dairy products; or selling dairy products that the person has manufactured to purchasers who either transport in the ordinary course of business the goods out of state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product; as to such persons the tax imposed is equal to the value of the products manufactured multiplied by the rate of 0.00 percent or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(ii) For the purposes of this subsection (1)(c), "dairy products" means:

(A) Products, not including any marijuana-infused product, that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products, such as whey and casein; and

(B) Products comprised of not less than ~~((seventy))~~ 70 percent dairy products that qualify under (c)(ii)(A) of this subsection, measured by weight or volume.

(iii) The preferential tax rate provided to taxpayers under this subsection (1)(c) does not apply to sales of dairy products on or after July 1, 2023, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product;

(d)(i) Beginning July 1, 2025, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing,

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processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured multiplied by the rate of 0.00 percent or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state.

(ii) For purposes of this subsection (1)(d), "fruits" and "vegetables" do not include marijuana, useable marijuana, or marijuana-infused products; and

(e) Wood biomass fuel; as to such persons the amount of tax with respect to the business is equal to the value of wood biomass fuel manufactured, multiplied by the rate of ~~((0.138))~~ 0.00 percent. For the purposes of this section, "wood biomass fuel" means a liquid or gaseous fuel that is produced from lignocellulosic feedstocks, including wood, forest, or field residue and dedicated energy crops, and that does not include wood treated with chemical preservations such as creosote, pentachlorophenol, or copper-chrome-arsenic.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate of ~~((0.138))~~ 0.00 percent.

(3) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate of ~~((0.138))~~ 0.00 percent.

(5)(a) Upon every person engaging within this state in the business of acting as a travel agent or tour operator and whose annual taxable amount for the prior calendar year was ~~((two hundred fifty thousand dollars))~~ \$250,000 or less; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(b) Upon every person engaging within this state in the business of acting as a travel agent or tour operator and whose annual taxable amount for the calendar year was more than ~~((two hundred fifty thousand dollars))~~ \$250,000; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent through June 30, 2019, and 0.9 percent beginning July 1, 2019.

(6) Upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(7) Upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce; as to such persons the amount of tax with respect to such business is equal to the gross proceeds derived

from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling prior to delivery to consignee; terminal stevedoring and incidental vessel services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

(8)(a) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW ~~((43.145.010))~~ 70A.380.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter ~~((43.200))~~ 70A.384 RCW, multiplied by the rate of 3.3 percent.

(b) If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

(9) Upon every person engaging within this state as an insurance producer or title insurance agent licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

(10) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter.

(11)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007;

(ii) 0.2904 percent beginning July 1, 2007, through March 31, 2020; ~~((and))~~

(iii) Beginning April 1, 2020, 0.484 percent, subject to any reduction required under (e) of this subsection (11). The tax rate in this subsection (11)(a)(iii) applies to ~~((all))~~ retailing and

wholesaling business activities described in this subsection (11)(a); and

(iv) Beginning January 1, 2022, 0.00 percent for manufacturing activities described in this subsection (11)(a).

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection (11) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of:

(i) 0.2904 percent through March 31, 2020; and

(ii) Beginning April 1, 2020, the following rates, which are subject to any reduction required under (e) of this subsection (11):

(A) The generally applicable rate under (~~RCW 82.04.250(1)~~) this chapter on the business of making retail or wholesale sales of tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes; and

(B) (~~0.484~~) 0.00 percent on all other business activities described in this subsection (11)(b) beginning January 1, 2022.

(c) For the purposes of this subsection (11), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d)(i) In addition to all other requirements under this title, a person reporting (~~under the tax rate~~) a preferential tax rate for retailing or wholesaling activities provided in this subsection (11) must file a complete annual tax performance report with the department under RCW 82.32.534. However, this requirement does not apply to persons reporting under the tax rate in (a)(iii) of this subsection (11), so long as that rate remains 0.484 percent, or under any of the tax rates in (b)(ii)(A) and (B) of this subsection (11), so long as those tax rates remain the rate imposed pursuant to RCW 82.04.250(1) and 0.484 percent, respectively.

(ii) Nothing in (d)(i) of this subsection (11) may be construed as affecting the obligation of a person reporting under a tax rate provided in this subsection (11) to file a complete annual tax performance report with the department under RCW 82.32.534: (A) Pursuant to another provision of this title as a result of claiming a tax credit or exemption; or (B) pursuant to (d)(i) of this subsection (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of this subsection (11) for periods ending before April 1, 2020.

(e)(i) After March 31, 2021, the tax rates under (a)(iii) and (b)(ii)(A) of this subsection (11) must be reduced to 0.357 percent for retailing and wholesaling activities provided the conditions in RCW 82.04.2602 are met. The effective date of the rates authorized under this subsection (11)(e) must occur on the first day of the next calendar quarter that is at least (~~sixty~~) 60 days after the department receives the last of the two written notices pursuant to RCW 82.04.2602 (3) and (4).

(ii) Both a significant commercial airplane manufacturer separately and the rest of the aerospace industry as a whole, receiving the rate of 0.357 percent under this subsection (11)(e) are subject to the aerospace apprenticeship utilization rates required under RCW 49.04.220 by April 1, 2026, or five years after the effective date of the 0.357 percent rate authorized under this subsection (11)(e), whichever is later, as determined by the department of labor and industries.

(iii) The provisions of RCW 82.32.805 and 82.32.808 do not apply to this subsection (11)(e).

(f)(i) Except as provided in (f)(ii) of this subsection (11), this

subsection (11) does not apply on and after July 1, 2040.

(ii) With respect to (~~the manufacturing of commercial airplanes or~~) making sales, at retail or wholesale, of commercial airplanes, this subsection (11) does not apply on and after July 1st of the year in which the department makes a determination that any final assembly or wing assembly of any version or variant of a commercial airplane that is the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850 has been sited outside the state of Washington. This subsection (11)(f)(ii) only applies to the (~~manufacturing or~~) sale of commercial airplanes that are the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850. This subsection (11)(f)(ii) continues to apply during the time that a person is subject to the tax rate in (a)(iii) of this subsection (11).

(g) For the purposes of this subsection, "a significant commercial airplane manufacturer" means a manufacturer of commercial airplanes with at least (~~fifty thousand~~) 50,000 full-time employees in Washington as of January 1, 2021.

(12)(a) Until July 1, 2045, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and (~~0.2904~~) 0.00 percent from July 1, 2007, through June 30, 2045.

(b) Until July 1, 2045, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; (ii) timber products into other timber products or wood products; or (iii) products defined in RCW 19.27.570(1); as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and (~~0.2904~~) 0.00 percent from July 1, 2007, through June 30, 2045.

(c) Until July 1, 2045, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted by that person; (ii) timber products manufactured by that person from timber or other timber products; (iii) wood products manufactured by that person from timber or timber products; or (iv) products defined in RCW 19.27.570(1) manufactured by that person; as to such persons the amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products, wood products, or products defined in RCW 19.27.570(1) multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and (~~0.2904~~) 0.00 percent from July 1, 2007, through June 30, 2045.

(d) Until July 1, 2045, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection (12)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within (~~thirty~~) 30 months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than (~~fifty~~) 50 percent recycled paper and that also use nonpetroleum-based

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phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having fifty percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection (12)(e)(iii), "postconsumer waste" means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recovered paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection (12) must file a complete annual tax performance report with the department under RCW 82.32.534.

(g) Nothing in this subsection (12) may be construed to affect the taxation of any activity defined as a retail sale in RCW 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

(13) Upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(14)(a) Upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.35 percent until July 1, 2024, and 0.484 percent thereafter.

(b) A person reporting under the tax rate provided in this subsection (14) must file a complete annual tax performance report with the department under RCW 82.32.534.

**Sec. 15.** RCW 82.04.2909 and 2017 c 135 s 12 are each amended to read as follows:

(1) Upon every person who is an aluminum smelter engaging within this state in the business of manufacturing aluminum; as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured, or in the case of processors for hire, equal to the

gross income of the business, multiplied by the rate of (~~2.904~~) 0.00 percent.

(2) Upon every person who is an aluminum smelter engaging within this state in the business of making sales at wholesale of aluminum manufactured by that person, as to such persons the amount of tax with respect to such business is equal to the gross proceeds of sales of the aluminum multiplied by the rate of .2904 percent.

(3) A person reporting under the tax rate provided in subsection (2) of this section must file a complete annual tax performance report with the department under RCW 82.32.534.

(4) This section expires January 1, 2027.

**Sec. 16.** RCW 82.04.294 and 2017 3rd sp.s. c 37 s 403 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing solar energy systems using photovoltaic modules or stirling converters, or of manufacturing solar grade silicon, silicon solar wafers, silicon solar cells, thin film solar devices, or compound semiconductor solar wafers to be used exclusively in components of such systems; as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of (~~0.275~~) 0.00 percent.

(2) Upon every person engaging within this state in the business of making sales at wholesale of solar energy systems using photovoltaic modules or stirling converters, or of solar grade silicon, silicon solar wafers, silicon solar cells, thin film solar devices, or compound semiconductor solar wafers to be used exclusively in components of such systems, manufactured by that person; as to such persons the amount of tax with respect to such business is equal to the gross proceeds of sales of the solar energy systems using photovoltaic modules or stirling converters, or of the solar grade silicon to be used exclusively in components of such systems, multiplied by the rate of 0.275 percent.

(3) Silicon solar wafers, silicon solar cells, thin film solar devices, solar grade silicon, or compound semiconductor solar wafers are "semiconductor materials" for the purposes of RCW 82.08.9651 and 82.12.9651.

(4) The definitions in this subsection apply throughout this section.

(a) "Compound semiconductor solar wafers" means a semiconductor solar wafer composed of elements from two or more different groups of the periodic table.

(b) "Module" means the smallest nondivisible self-contained physical structure housing interconnected photovoltaic cells and providing a single direct current electrical output.

(c) "Photovoltaic cell" means a device that converts light directly into electricity without moving parts.

(d) "Silicon solar cells" means a photovoltaic cell manufactured from a silicon solar wafer.

(e) "Silicon solar wafers" means a silicon wafer manufactured for solar conversion purposes.

(f) "Solar energy system" means any device or combination of devices or elements that rely upon direct sunlight as an energy source for use in the generation of electricity.

(g) "Solar grade silicon" means high-purity silicon used exclusively in components of solar energy systems using photovoltaic modules to capture direct sunlight. "Solar grade silicon" does not include silicon used in semiconductors.

(h) "Stirling converter" means a device that produces electricity by converting heat from a solar source utilizing a stirling engine.

(i) "Thin film solar devices" means a nonparticipating substrate on which various semiconducting materials are deposited to

produce a photovoltaic cell that is used to generate electricity.

(5) A person reporting under the tax rate provided in subsection (2) of this section must file a complete annual tax performance report with the department under RCW 82.32.534.

(6) This section expires July 1, 2027.

**Sec. 17.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of: (a) Printing materials other than newspapers, and of publishing periodicals or magazines; (b) building, repairing or improving any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used, primarily for foot or vehicular traffic including mass transportation vehicles of any kind and including any readjustment, reconstruction or relocation of the facilities of any public, private or cooperatively owned utility or railroad in the course of such building, repairing or improving, the cost of which readjustment, reconstruction, or relocation, is the responsibility of the public authority whose street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle is being built, repaired or improved; (c) extracting for hire ~~((or processing for hire)),~~ except persons taxable as extractors for hire ~~((or processors for hire))~~ under another section of this chapter; (d) operating a cold storage warehouse or storage warehouse, but not including the rental of cold storage lockers; (e) representing and performing services for fire or casualty insurance companies as an independent resident managing general agent licensed under the provisions of chapter 48.17 RCW; (f) radio and television broadcasting, but excluding revenues from network, national, and regional advertising computed either: (i) As a standard deduction that the department must publish by rule by September 30, 2020, and by September 30th of every fifth year thereafter, based on the national average thereof as reported by the United States census bureau's economic census; or (ii) in lieu thereof by itemization by the individual broadcasting station, and excluding that portion of revenue represented by the out-of-state audience computed as a ratio to the broadcasting station's total audience as measured by the .5 millivolt/meter signal strength contour for AM radio, the one millivolt/meter or ~~((sixty))~~ 60 dBu signal strength contour for FM radio, the ~~((twenty-eight))~~ 28 dBu signal strength contour for television channels two through six, the ~~((thirty-six))~~ 36 dBu signal strength contour for television channels seven through ~~((thirteen))~~ 13, and the ~~((forty-one))~~ 41 dBu signal strength contour for television channels ~~((fourteen))~~ 14 through ~~((sixty-nine))~~ 69 with delivery by wire, satellite, or any other means, if any; (g) engaging in activities which bring a person within the definition of consumer contained in RCW 82.04.190(6); as to such persons, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.484 percent.

(2) For the purposes of this section, the following definitions apply unless the context clearly requires otherwise.

(a) "Cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or fowl, or any combination thereof, at a desired temperature to maintain the quality of the product for orderly marketing.

(b) "Storage warehouse" means a building or structure, or any part thereof, in which goods, wares, or merchandise are received for storage for compensation, except field warehouses, fruit warehouses, fruit packing plants, warehouses licensed under chapter 22.09 RCW, public garages storing automobiles, railroad

freight sheds, docks and wharves, and "self-storage" or "mini storage" facilities whereby customers have direct access to individual storage areas by separate entrance. "Storage warehouse" does not include a building or structure, or that part of such building or structure, in which an activity taxable under RCW 82.04.272 is conducted.

(c) "Periodical or magazine" means a printed publication, other than a newspaper, issued regularly at stated intervals at least once every three months, including any supplement or special edition of the publication.

**Sec. 18.** RCW 82.32.790 and 2019 c 449 s 2 are each amended to read as follows:

(1)(a) Section ~~((2))~~ 1, chapter 449, Laws of 2019, sections 510, 512, 514, 516, ~~((518,))~~ 520, 522, and 524, chapter 37, Laws of 2017 3rd sp. sess., sections ~~((9,))~~ 13, 17, 22, 24, 30, 32, and 45, chapter 135, Laws of 2017, sections ~~((104,))~~ 110, 117, 123, 125, 129, 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, ~~((3,))~~ and 5 through 10, chapter 149, Laws of 2003 are contingent upon the siting and commercial operation of a significant semiconductor microchip fabrication facility in the state of Washington by January 1, 2024.

(b) For the purposes of this section:

(i) "Commercial operation" means the same as "commencement of commercial production" as used in RCW 82.08.965.

(ii) "Semiconductor microchip fabrication" means "manufacturing semiconductor microchips" as defined in RCW 82.04.426.

(iii) "Significant" means the combined investment of new buildings and new machinery and equipment in the buildings, at the commencement of commercial production, will be at least ~~((one billion dollars))~~ \$1,000,000,000.

(2) The sections referenced in subsection (1) of this section take effect the first day of the month in which a contract for the construction of a significant semiconductor fabrication facility is signed, if the contract is signed and received by January 1, 2024, as determined by the director of the department of revenue.

(3)(a) The department of revenue must provide notice of the effective date of the sections referenced in subsection (1) of this section to affected taxpayers, the legislature, and others as deemed appropriate by the department.

(b) If, after making a determination that a contract has been signed and the sections referenced in subsection (1) of this section are effective, the department discovers that commencement of commercial production did not take place within three years of the date the contract was signed, the department must make a determination that chapter 149, Laws of 2003 is no longer effective, and all taxes that would have been otherwise due are deemed deferred taxes and are immediately assessed and payable from any person reporting tax under RCW 82.04.240(2) or claiming an exemption or credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965, 82.08.970, 82.12.970, or 84.36.645. The department is not authorized to make a second determination regarding the effective date of the sections referenced in subsection (1) of this section.

(4)(a) This section expires January 1, 2024, if the contingency in subsection (2) of this section does not occur by January 1, 2024, as determined by the department.

(b) The department must provide written notice of the expiration date of this section and the sections referenced in subsection (1) of this section to affected taxpayers, the legislature, and others as deemed appropriate by the department.

**NEW SECTION. Sec. 19.** 2017 3rd sp.s. c 37 s 518, 2017 c 135 s 9, 2010 c 114 s 104, & 2003 c 149 s 3 are each repealed.

**NEW SECTION. Sec. 20.** Sections 11 through 19 of this act take effect January 1, 2022.

**PART IV  
PROVIDING PROPERTY TAX RELIEF FOR  
HOMEOWNERS**

**NEW SECTION. Sec. 21.** A new section is added to chapter 84.36 RCW to read as follows:

(1) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Claimant" means an individual who has applied for or is receiving a homestead exemption.

(b) "Homestead exemption" means an exemption from a portion of state property taxes.

(c) "Manufactured/mobile home," "manufactured housing cooperative," "mobile home park cooperative," and "park model" have the same meanings as provided in RCW 59.20.030.

(d) "Residence" means a single-family dwelling unit whether such unit is separate or part of a multiunit dwelling, including the land on which such dwelling stands. "Residence" includes:

(i) A single-family dwelling situated upon lands the fee of which is vested in or held in trust by the United States or any of its instrumentalities, a federally recognized Indian tribe, the state of Washington or any of its political subdivisions, or a municipal corporation;

(ii) A single-family dwelling consisting of a manufactured/mobile home or park model that has substantially lost its identity as a mobile unit by virtue of its being fixed in location and placed on a foundation with fixed pipe connections with sewer, water, or other utilities; and

(iii) A single-family dwelling consisting of a floating home as defined in RCW 82.45.032.

(2)(a) Subject to the conditions in this section, a portion of the assessed value of a residence is exempt from the total state property tax under RCW 84.52.065 (1) and (2). Beginning with taxes levied for collection in calendar year 2023 and subject to the adjustments and limitations in subsection (3) of this section, the exemption from state property taxes is equal to:

(i) The first \$100,000 of valuation of each residential tax parcel consisting of fewer than three residences; and

(ii) The first \$100,000 of valuation of each residence within a multiunit residential dwelling wherein each residence is owned and taxed separately or is owned by members of a cooperative housing association, corporation, or partnership.

(b) For taxes levied for collection in calendar year 2024 and each subsequent year thereafter, the amount of homestead exemption must be increased from the prior year's exemption amount by the percentage growth in the state levy for the prior calendar year. The department is responsible for making a determination of any increase in the amount of the homestead exemption and may round the dollar amount of the homestead exemption to the nearest thousand dollars.

(3)(a) The county assessor must multiply the amount of the homestead exemption for a tax year by the combined indicated ratio fixed by the department for the county in which the residence is located and used by the department to determine the equalized state levy rate for that county for that tax year.

(b) The amount of the homestead exemption for a residence may not result in a tax reduction that exceeds the amount of state property taxes that would otherwise be levied on that residence.

(4) The homestead exemption is in addition to the exemption provided in RCW 84.36.379 through 84.36.389.

(5)(a) The homestead exemption must be claimed and renewed on declaration and renewal declaration forms developed by the department or by the county assessor and approved by the department. Each county assessor must make declaration and renewal declaration forms available at the assessor's office, on the assessor's official website, and by mail or email upon request.

(b) The claimant or his or her designated agent or legal guardian must sign the declaration or renewal declaration declaring that the property for which a homestead exemption is sought is the claimant's principal residence within the meaning of subsection (6)(a) and (b) of this section. If the claimant resides in a cooperative housing association, corporation, or partnership, the declaration or renewal declaration must also be signed by the authorized agent of such cooperative. If the claimant holds a life estate in the residence for which a homestead exemption is claimed and the claimant is not shown on the tax rolls as the taxpayer for that residence, the remainderman or other person shown on the tax rolls as the taxpayer must also sign the declaration or renewal declaration. All signatures on a declaration or renewal declaration must be made under penalty of perjury.

(c) Notice of the homestead exemption and where to obtain further information about the exemption must be included on or with property tax statements and revaluation notices for residential property. The department and each county assessor are required to publicize the qualifications and manner of making claims for the homestead exemption, including such paid advertisements or notices as deemed appropriate in the sole discretion of the department and county assessors.

(6) The following conditions apply to homestead exemptions:

(a) The residence must be occupied by the claimant as his or her principal place of residence as of the date of the signed declaration or renewal declaration under subsection (5) of this section. A claimant who sells, transfers, or is displaced from his or her residence may transfer his or her exemption status to a replacement residence, but no claimant may receive a homestead exemption on more than one residence in any calendar year. However, the confinement of the claimant to a hospital, nursing home, assisted living facility, or adult family home will not disqualify the claim of exemption if:

(i) The residence is temporarily unoccupied;

(ii) The residence is occupied by either a spouse, state registered domestic partner, or a person financially dependent on the claimant for support, or both; or

(iii) The residence is rented for the purpose of paying the claimant's costs of a nursing home, hospital, assisted living facility, or adult family home.

(b) At the time of signing the declaration or renewal declaration:

(i) The claimant must have owned, in fee or by contract purchase, or have held a life estate in, the residence for which the homestead exemption is claimed; or

(ii) If the claimant resides in a cooperative housing association, corporation, or partnership, including a mobile home park cooperative or manufactured housing cooperative, the claimant must own a share in the cooperative representing the unit or dwelling in which he or she resides or the lot on which his or her manufactured/mobile home or park model is situated.

(c) For purposes of this subsection, a residence owned by a marital community, state registered domestic partners, or cotenants is deemed to be owned by each spouse, domestic partner, or cotenant, and any lease for life is deemed a life estate.

(d) Except as provided in (e) of this subsection, the declaration form identified in subsection (5) of this section must be signed and returned to the county assessor no later than June 30th for exemption from state taxes payable the following year.

(e) A homestead exemption continues for no more than six consecutive years unless a renewal declaration is filed with the county assessor. At least once every six years the county assessor must, no later than March 1st, notify claimants currently receiving a homestead exemption of the requirement to file a renewal declaration. The county assessor may also require a renewal

declaration following any change in state law regarding the qualifications or conditions for the homestead exemption. Each claimant receiving a homestead exemption must file with the county assessor a renewal declaration no later than June 30th of the year the assessor notifies such person of the requirement to file the renewal declaration.

(f)(i) The assessed value of a dwelling owned by a cooperative housing association, corporation, or partnership must be reduced, for purposes of state property taxes levied on the dwelling, by the amount of homestead exemption to which a claimant residing in that dwelling is entitled. The cooperative must pass the full amount of its property tax savings under this section to its members in proportion to each member's homestead exemption. The cooperative may meet its obligation under this subsection (6)(f)(i) by reducing the amount owed by the members to the cooperative or, if no amount be owed, by making payment to the members.

(ii) A mobile home park cooperative or manufactured housing cooperative is entitled to any unused portion of the homestead exemption of its members. A mobile home park cooperative or manufactured housing cooperative receiving the unused portion of the homestead exemption of its members must pass the full amount of its property tax savings to its members in proportion to each member's unused homestead exemption. The cooperative may meet its obligation under this subsection (6)(f)(ii) by reducing the amount owed by the members to the cooperative or, if no amount be owed, by making payment to the members. For purposes of this subsection (6)(f)(ii), "unused portion of the homestead exemption" means the amount by which the maximum allowable homestead exemption exceeds the assessed value of the manufactured/mobile home or park model owned by a member of the mobile home park cooperative or manufactured housing cooperative.

(g) A claimant granted a homestead exemption must immediately inform the county assessor, on forms created or approved by the department, of any change in status affecting the claimant's entitlement to a homestead exemption.

(h) Where a claimant has a life estate in his or her residence and a remainderman or other person would have otherwise paid the state property tax exempted on the residence as a result of the claimant's homestead exemption, such remainderman or other person must reduce the amount owed by the claimant to the remainderman or other person by the amount of the tax savings from the claimant's homestead exemption. If no amount is owed by the claimant to the remainderman or other person, the remainderman or other person must make payment to the claimant in the full amount of the tax savings from the claimant's homestead exemption.

(7)(a)(i) If the assessor finds that the claimant's residence does not meet the qualifications for a homestead exemption, the assessor must deny or cancel the homestead exemption.

(ii) If the assessor receives a declaration or renewal declaration after the deadline in subsection (6)(d) or (e) of this section, the assessor must deny the homestead exemption unless the assessor determines that the claimant qualifies for the homestead exemption and that good cause exists to excuse the late filing. A claimant whose homestead exemption was denied or canceled because the declaration or renewal declaration was filed after the deadline in subsection (6)(d) or (e) of this subsection may seek a refund of state property taxes paid as a result of the denial or cancellation, as provided in RCW 84.69.020. For purposes of this subsection (7)(a)(ii), good cause may be shown by one or more of the following circumstances:

(A) Death or serious illness of the claimant or a member of the claimant's immediate family, as defined in RCW 42.17A.005, within two weeks of the due date of the declaration or renewal

declaration;

(B) The declaration or renewal declaration was mailed timely but inadvertently sent to the wrong address;

(C) The claimant received incorrect, ambiguous, or misleading written advice regarding the qualifications or filing requirements for the homestead exemption from the county assessor's staff;

(D) Natural disaster, such as flood or earthquake, occurring within two weeks of the due date of the declaration or renewal declaration;

(E) Delay or loss of the declaration or renewal declaration by the postal service, and documented by the postal service;

(F) The claimant was not sent a notice of the requirement to file a renewal declaration within the six-year period as required by subsection (6)(e) of this section; or

(G) Other circumstances as the department may provide by rule.

(b) A denial or cancellation under this subsection is subject to appeal under the provisions of RCW 84.48.010 and in accordance with the provisions of RCW 84.40.038.

(c) If the assessor determines that the claimant had received a homestead exemption in error in prior years, the county treasurer must collect all state property taxes that would have been paid on the claimant's residence for the prior years had the homestead exemption not been claimed, not to exceed six years. Interest, but not penalties, applies to such taxes and is computed at the same rates and in the same way as interest is computed on delinquent taxes. Taxes and interest imposed under this subsection (7)(c): (i) Must be extended on the tax roll; (ii) are due within 30 days after the date of the treasurer's billing for such taxes and interest; and (iii) constitute a lien on the real property to which the tax and interest applies as provided in chapter 84.60 RCW.

(8) The department may conduct audits of the administration of this section and claims filed for the homestead exemption as the department considers necessary. The powers of the department under chapter 84.08 RCW apply to these audits.

(9) The homestead exemption under this section applies to the total state property tax levied under RCW 84.52.065. The exemption does not apply to any local property taxes.

(10) The department may adopt such rules in accordance with chapter 34.05 RCW, and prescribe such forms, as the department deems necessary and appropriate to implement and administer this section.

**NEW SECTION. Sec. 22.** A new section is added to chapter 84.52 RCW to read as follows:

Pursuant to the provisions of Article VII, section . . . (Senate Joint Resolution No. . . . (S-0947/21)), the state levy must be reduced as necessary to prevent the value exempted under the homestead exemption in section 21 of this act from resulting in a higher tax rate than would have occurred in the absence of the homestead exemption.

**Sec. 23.** RCW 84.48.010 and 2017 c 155 s 1 are each amended to read as follows:

(1) Prior to July 15th, the county legislative authority must form a board for the equalization of the assessment of the property of the county. The members of the board must receive a per diem amount as set by the county legislative authority for each day of actual attendance of the meeting of the board of equalization to be paid out of the current expense fund of the county. However, when the county legislative authority constitutes the board they may only receive their compensation as members of the county legislative authority. The board of equalization must meet in open session for this purpose annually on the 15th day of July or within fourteen days of certification of the county assessment rolls, whichever is later, and, having each taken an oath fairly and impartially to perform their duties as members of such board, they must examine and compare the returns of the assessment of the

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property of the county and proceed to equalize the same, so that each tract or lot of real property and each article or class of personal property must be entered on the assessment list at its true and fair value, according to the measure of value used by the county assessor in such assessment year, which is presumed to be correct under RCW 84.40.0301, and subject to the following rules:

(a) They must raise the valuation of each tract or lot or item of real property which is returned below its true and fair value to such price or sum as to be the true and fair value thereof, after at least five days' notice must have been given in writing to the owner or agent.

(b) They must reduce the valuation of each tract or lot or item which is returned above its true and fair value to such price or sum as to be the true and fair value thereof.

(c) They must raise the valuation of each class of personal property which is returned below its true and fair value to such price or sum as to be the true and fair value thereof, and they must raise the aggregate value of the personal property of each individual whenever the aggregate value is less than the true valuation of the taxable personal property possessed by such individual, to such sum or amount as to be the true value thereof, after at least five days' notice must have been given in writing to the owner or agent thereof.

(d) They must reduce the valuation of each class of personal property enumerated on the detail and assessment list of the current year, which is returned above its true and fair value, to such price or sum as to be the true and fair value thereof; and they must reduce the aggregate valuation of the personal property of such individual who has been assessed at too large a sum to such sum or amount as was the true and fair value of the personal property.

(e) The board may review all claims for either real or personal property tax exemption, or homestead exemptions under section 21 of this act, as determined by the county assessor, and must consider any taxpayer appeals from the decision of the assessor thereon to determine (i) if the taxpayer is entitled to an exemption, and (ii) if so, the amount thereof.

(2) The board must notify the taxpayer and assessor of the board's decision within forty-five days of any hearing on the taxpayer's appeal of the assessor's valuation of real or personal property.

(3) The clerk of the board must keep an accurate journal or record of the proceedings and orders of the board showing the facts and evidence upon which their action is based, and the record must be published the same as other proceedings of county legislative authority, and must make a true record of the changes of the descriptions and assessed values ordered by the county board of equalization. The assessor must correct the real and personal assessment rolls in accordance with the changes made by the county board of equalization.

(4) The county board of equalization must meet on the 15th day of July or within fourteen days of certification of the county assessment rolls, whichever is later, and may continue in session and adjourn from time to time during a period not to exceed four weeks, but must remain in session not less than three days. However, the county board of equalization with the approval of the county legislative authority may convene at any time when petitions filed exceed twenty-five, or ten percent of the number of appeals filed in the preceding year, whichever is greater.

(5) No taxes, except special taxes, may be extended upon the tax rolls until the property valuations are equalized by the department of revenue for the purpose of raising the state revenue.

(6) County legislative authorities as such have at no time any authority to change the valuation of the property of any person or

to release or commute in whole or in part the taxes due on the property of any person.

**Sec. 24.** RCW 84.69.020 and 2017 3rd sp.s. c 13 s 310 are each amended to read as follows:

(1) On the order of the county treasurer, ad valorem taxes paid before or after delinquency must be refunded if they were:

~~((1))~~ (a) Paid more than once;

~~((2))~~ (b) Paid as a result of manifest error in description;

~~((3))~~ (c) Paid as a result of a clerical error in extending the tax rolls;

~~((4))~~ (d) Paid as a result of other clerical errors in listing property;

~~((5))~~ (e) Paid with respect to improvements which did not exist on assessment date;

~~((6))~~ (f) Paid under levies or statutes adjudicated to be illegal or unconstitutional;

~~((7))~~ (g) Paid as a result of mistake, inadvertence, or lack of knowledge by any person exempted from paying real property taxes or a portion thereof pursuant to RCW 84.36.381 through 84.36.389, as now or hereafter amended;

~~((8))~~ (h) Paid as a result of mistake, inadvertence, or lack of knowledge by either a public official or employee or by any person with respect to real property in which the person paying the same has no legal interest;

~~((9))~~ (i) Paid on the basis of an assessed valuation which was appealed to the county board of equalization and ordered reduced by the board;

~~((10))~~ (j) Paid on the basis of an assessed valuation which was appealed to the state board of tax appeals and ordered reduced by the board: PROVIDED, That the amount refunded under (i) and (j) of this subsection ~~((s (9) and (10) of this section shall))~~ may only be for the difference between the tax paid on the basis of the appealed valuation and the tax payable on the valuation adjusted in accordance with the board's order;

~~((11))~~ (k) Paid as a state property tax levied upon property, the assessed value of which has been established by the state board of tax appeals for the year of such levy: PROVIDED, HOWEVER, That the amount refunded ~~((shall))~~ may only be for the difference between the state property tax paid and the amount of state property tax which would, when added to all other property taxes within the one percent limitation of Article VII, section 2 of the state Constitution equal one percent of the assessed value established by the board;

~~((12))~~ (l) Paid on the basis of an assessed valuation which was adjudicated to be unlawful or excessive: PROVIDED, That the amount refunded ~~((shall be))~~ is for the difference between the amount of tax which was paid on the basis of the valuation adjudged unlawful or excessive and the amount of tax payable on the basis of the assessed valuation determined as a result of the proceeding;

~~((13))~~ (m) Paid on property acquired under RCW 84.60.050, and canceled under RCW 84.60.050(2);

~~((14))~~ (n) Paid on the basis of an assessed valuation that was reduced under RCW 84.48.065;

~~((15))~~ (o) Paid on the basis of an assessed valuation that was reduced under RCW 84.40.039; or

~~((16))~~ (p) Abated under RCW 84.70.010.

(2) No refunds under the provisions of this section ~~((shall))~~ may be made because of any error in determining the valuation of property, except as authorized in subsection ~~((s (9), (10), (11), and (12))~~ (1) (i) through (l) of this section nor may any refunds be made if a bona fide purchaser has acquired rights that would preclude the assessment and collection of the refunded tax from the property that should properly have been charged with the tax. Any refunds made on delinquent taxes must include the

proportionate amount of interest and penalties paid. However, no refunds as a result of an incorrect payment authorized under subsection ~~((8))~~ (1)(h) of this section made by a third party payee ~~(shall)~~ may be granted. The county treasurer may deduct from moneys collected for the benefit of the state's levies, refunds of the state's levies including interest on the levies as provided by this section and chapter 84.68 RCW.

(3) The county treasurer of each county must make all refunds determined to be authorized by this section, and by the first Monday in February of each year, report to the county legislative authority a list of all refunds made under this section during the previous year. The list is to include the name of the person receiving the refund, the amount of the refund, and the reason for the refund.

**NEW SECTION. Sec. 25.** Sections 21 through 24 of this act take effect January 1, 2022, if the proposed amendment to Article VII of the state Constitution (Senate Joint Resolution No. . . . (S-0947/21)), providing for a homestead exemption, is validly submitted to and is approved and ratified by the voters at the next general election.

### PART V DEDICATING MOTOR VEHICLE SALES TAX TO TRANSPORTATION

**NEW SECTION. Sec. 26.** It is the intent of the legislature to ensure Washington's transportation infrastructure can support the safe and efficient movement of people and goods. Primary funding for transportation infrastructure efforts comes from the state portion of the fuel tax and fees for registering motor vehicles, which have economic and political vulnerabilities that can limit their reliability. The legislature intends to establish an additional funding source that would not be subject to bonding, and therefore offer greater flexibility and efficiency in addressing transportation infrastructure needs. The legislature finds that dedicating the sales tax revenue on vehicle sales to the transportation budget would reinforce the state's ability to provide the 21st century transportation system that the people of Washington can and should expect.

**Sec. 27.** RCW 82.08.020 and 2014 c 140 s 12 are each amended to read as follows:

(1) There is levied and collected a tax equal to six and five-tenths percent of the selling price on each retail sale in this state of:

(a) Tangible personal property, unless the sale is specifically excluded from the RCW 82.04.050 definition of retail sale;

(b) Digital goods, digital codes, and digital automated services, if the sale is included within the RCW 82.04.050 definition of retail sale;

(c) Services, other than digital automated services, included within the RCW 82.04.050 definition of retail sale;

(d) Extended warranties to consumers; and

(e) Anything else, the sale of which is included within the RCW 82.04.050 definition of retail sale.

(2) There is levied and collected an additional tax on each retail car rental, regardless of whether the vehicle is licensed in this state, equal to five and nine-tenths percent of the selling price. The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.

(3)(a) Beginning July 1, 2003, there is levied and collected an additional tax of three-tenths of one percent of the selling price on each retail sale of a motor vehicle in this state, other than retail car rentals taxed under subsection (2) of this section. The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.

~~((4))~~ (b) For purposes of this subsection (3) ~~((of this section))~~, "motor vehicle" has the meaning provided in RCW 46.04.320, but

does not include:

~~((1))~~ (i) Farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is for use in the production of marijuana;

~~((2))~~ (ii) Off-road vehicles as defined in RCW 46.04.365;

~~((3))~~ (iii) Nonhighway vehicles as defined in RCW 46.09.310; and

~~((4))~~ (iv) Snowmobiles as defined in RCW 46.04.546.

(4)(a) Revenue collected under subsection (1) of this section on each new and used retail sales of a vehicle in this state, including private-party sales, but excluding retail car rentals taxed under subsection (2) of this section, must be deposited in the congestion relief and safety account as follows:

(i) Beginning January 1, 2022, and ending June 30, 2022, 20 percent must be deposited in the congestion relief and safety account and the remainder must be deposited in the general fund;

(ii) Beginning July 1, 2022, and ending June 30, 2023, 40 percent must be deposited in the congestion relief and safety account and the remainder must be deposited in the general fund;

(iii) Beginning July 1, 2023, and ending June 30, 2024, 60 percent must be deposited in the congestion relief and safety account and the remainder must be deposited in the general fund;

(iv) Beginning July 1, 2024, and ending June 30, 2025, 80 percent must be deposited in the congestion relief and safety account and the remainder must be deposited in the general fund; and

(v) Beginning July 1, 2025, all revenue must be deposited in the congestion relief and safety account.

(b) For purposes of this subsection (4), "vehicle" has the meaning provided in RCW 46.04.670 including, but not limited to, passenger vehicles, light trucks, commercial vehicles, travel trailers, recreational vehicles, intermittent use trailers, motorcycles, and campers, but "vehicle" does not include:

(i) Farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is for use in the production of marijuana;

(ii) Off-road vehicles as defined in RCW 46.04.365;

(iii) Nonhighway vehicles as defined in RCW 46.09.310;

(iv) Bicycles as defined in RCW 46.04.071; and

(v) Snowmobiles as defined in RCW 46.04.546.

(5) Beginning on December 8, 2005, 0.16 percent of the taxes collected under subsection (1) of this section must be dedicated to funding comprehensive performance audits required under RCW 43.09.470. The revenue identified in this subsection must be deposited in the performance audits of government account created in RCW 43.09.475.

(6) The taxes imposed under this chapter apply to successive retail sales of the same property.

(7) The rates provided in this section apply to taxes imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

**Sec. 28.** RCW 82.12.020 and 2017 c 323 s 520 are each amended to read as follows:

(1) There is levied and collected from every person in this state a tax or excise for the privilege of using within this state as a consumer any:

(a) Article of tangible personal property acquired by the user in any manner, including tangible personal property acquired at a casual or isolated sale, and including by-products used by the manufacturer thereof, except as otherwise provided in this chapter, irrespective of whether the article or similar articles are manufactured or are available for purchase within this state;

(b) Prewritten computer software, regardless of the method of delivery, but excluding prewritten computer software that is either provided free of charge or is provided for temporary use in viewing information, or both;

(c) Services defined as a retail sale in RCW 82.04.050 (2) (a)

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or (g) or (6)(c), excluding services defined as a retail sale in RCW 82.04.050(6)(c) that are provided free of charge;

(d) Extended warranty; or

(e)(i) Digital good, digital code, or digital automated service, including the use of any services provided by a seller exclusively in connection with digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(ii) With respect to the use of digital goods, digital automated services, and digital codes acquired by purchase, the tax imposed in this subsection (1)(e) applies in respect to:

(A) Sales in which the seller has granted the purchaser the right of permanent use;

(B) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(C) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(D) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(iii) With respect to digital goods, digital automated services, and digital codes acquired other than by purchase, the tax imposed in this subsection (1)(e) applies regardless of whether or not the consumer has a right of permanent use or is obligated to make continued payment as a condition of use.

(2) The provisions of this chapter do not apply in respect to the use of any article of tangible personal property, extended warranty, digital good, digital code, digital automated service, or service taxable under RCW 82.04.050 (2) (a) or (g) or (6)(c), if the sale to, or the use by, the present user or the present user's bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by the present user's bailor or donor.

(3)(a) Except as provided in this section, payment of the tax imposed by this chapter or chapter 82.08 RCW by one purchaser or user of tangible personal property, extended warranty, digital good, digital code, digital automated service, or other service does not have the effect of exempting any other purchaser or user of the same property, extended warranty, digital good, digital code, digital automated service, or other service from the taxes imposed by such chapters.

(b) The tax imposed by this chapter does not apply:

(i) If the sale to, or the use by, the present user or his or her bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by his or her bailor or donor;

(ii) In respect to the use of any article of tangible personal property acquired by bailment and the tax has once been paid based on reasonable rental as determined by RCW 82.12.060 measured by the value of the article at time of first use multiplied by the tax rate imposed by chapter 82.08 RCW or this chapter as of the time of first use;

(iii) In respect to the use of any article of tangible personal property acquired by bailment, if the property was acquired by a previous bailee from the same bailor for use in the same general activity and the original bailment was prior to June 9, 1961; or

(iv) To the use of digital goods or digital automated services, which were obtained through the use of a digital code, if the sale of the digital code to, or the use of the digital code by, the present user or the present user's bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by the present user's bailor or donor.

(4)(a) Except as provided in (b) of this subsection (4), the tax is levied and must be collected in an amount equal to the value of the article used, value of the digital good or digital code used,

value of the extended warranty used, or value of the service used by the taxpayer, multiplied by the applicable rates in effect for the retail sales tax under RCW 82.08.020.

(b) In the case of a seller required to collect use tax from the purchaser, the tax must be collected in an amount equal to the purchase price multiplied by the applicable rate in effect for the retail sales tax under RCW 82.08.020.

(5) For purposes of the tax imposed in this section, "person" includes anyone within the definition of "buyer," "purchaser," and "consumer" in RCW 82.08.010.

(6)(a) Use tax revenue collected under subsection (1) of this section on the use of each new and used vehicle in this state, but excluding retail car rentals taxed under RCW 82.08.020, must be deposited in the congestion relief and safety account as follows:

(i) Beginning January 1, 2022, and ending June 30, 2022, 20 percent must be deposited in the congestion relief and safety account and the remainder must be deposited in the general fund;

(ii) Beginning July 1, 2022, and ending June 30, 2023, 40 percent must be deposited in the congestion relief and safety account and the remainder must be deposited in the general fund;

(iii) Beginning July 1, 2023, and ending June 30, 2024, 60 percent must be deposited in the congestion relief and safety account and the remainder must be deposited in the general fund;

(iv) Beginning July 1, 2024, and ending June 30, 2025, 80 percent must be deposited in the congestion relief and safety account and the remainder must be deposited in the general fund; and

(v) Beginning July 1, 2025, all revenue must be deposited in the congestion relief and safety account.

(b) For purposes of this subsection (6):

(i) "Highway purposes" also includes preservation; and

(ii) "Vehicle" has the meaning provided in RCW 46.04.670 including, but not limited to, passenger vehicles, light trucks, commercial vehicles, travel trailers, recreational vehicles, intermittent use trailers, motorcycles, and campers, but "vehicle" does not include:

(A) Farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is for use in the production of marijuana;

(B) Off-road vehicles as defined in RCW 46.04.365;

(C) Nonhighway vehicles as defined in RCW 46.09.310;

(D) Bicycles as defined in RCW 46.04.071; and

(E) Snowmobiles as defined in RCW 46.04.546.

NEW SECTION. Sec. 29. A new section is added to chapter 46.68 RCW to read as follows:

(1) The congestion relief and safety account is created in the state treasury. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for transportation projects, programs, or activities based on the percentage of historical spending of 18th amendment restricted funds and nineteenth amendment restricted funds as determined under subsection (2) of this section.

(2) By November 1st of each even-numbered year, the joint transportation committee must determine the historical percentage spent from 18th amendment restricted funds and nineteenth amendment restricted funds based on the three most recently completed fiscal biennia. This information must be transmitted to the office of financial management and the house and senate transportation committees of the legislature to be used in the development of their respective omnibus transportation appropriations.

(3) All sales and use tax revenues on new and used vehicles deposited into the congestion relief and safety account pursuant to RCW 82.08.020 and 82.12.020 must be used exclusively on a cash funding basis for transportation projects, programs, and

activities, including reducing the reliance on transportation-related debt obligations pursuant to subsection (4) of this section. All sales and use tax revenues on new and used vehicles deposited into the congestion relief and safety account pursuant to RCW 82.08.020 and 82.12.020 may not be used for any new revenue bond issues or used as a source for any other type of debt or similar type of financing mechanism.

(4) Part of the purpose in the allocation of additional resources from the sales and use tax revenues on new and used vehicles into the congestion relief and safety account pursuant to RCW 82.08.020 and 82.12.020 is to lower the overall reliance on debt financing for transportation projects and infrastructure. Beginning December 1, 2023, and each two years thereafter, the state treasurer must prepare a report that shows the impact of this act on the reliance of debt financing for transportation appropriations.

(5) Nothing in this section may be construed so as to violate any terms or conditions contained in any highway construction bond issues now or hereafter authorized by statute and whose payment is by such statute pledged to be paid from any excise taxes on fuel.

**Sec. 30.** RCW 43.84.092 and 2020 c 354 s 11, 2020 c 221 s 5, 2020 c 148 s 3, 2020 c 103 s 7, and 2020 c 18 s 3 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The abandoned recreational vehicle disposal account, the aeronautics account, the Alaskan Way viaduct replacement project account, the ambulance transport fund, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Central Washington University capital projects account, the charitable,

educational, penal and reformatory institutions account, the Chehalis basin account, the Chehalis basin taxable account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the common school construction fund, the community forest trust account, the congestion relief and safety account, the connecting Washington account, the county arterial preservation account, the county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of retirement systems expense account, the developmental disabilities community ~~((trust))~~ services account, the diesel idle reduction account, the drinking water assistance account, the administrative subaccount of the drinking water assistance account, the early learning facilities development account, the early learning facilities revolving account, the Eastern Washington University capital projects account, the education construction fund, the education legacy trust account, the election account, the electric vehicle account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the ferry bond retirement fund, the fish, wildlife, and conservation account, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the public health services account, the state higher education construction account, the higher education construction account, the higher education retirement plan supplemental benefit fund, the highway bond retirement fund, the highway infrastructure account, the highway safety fund, the hospital safety net assessment fund, the Interstate 405 and state route number 167 express toll lanes account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the limited fish and wildlife account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the medical aid account, the money-purchase retirement savings administrative account, the money-purchase retirement savings principal account, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the multiuse roadway safety account, the municipal criminal justice assistance account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the pilotage account, the pollution liability insurance agency underground storage tank revolving account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the Puget Sound Gateway facility account, the Puget Sound taxpayer accountability account, the real estate appraiser commission account, the recreational vehicle account, the regional mobility grant program account, the resource management cost account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the sexual assault prevention and response account, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state reclamation revolving account, the state route number 520 civil penalties

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account, the state route number 520 corridor account, the statewide broadband account, the statewide tourism marketing account, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation future funding program account, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the University of Washington bond retirement fund, the University of Washington building account, the voluntary cleanup account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the vulnerable roadway user education account, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account, the water pollution control revolving fund, the Western Washington University capital projects account, the Yakima integrated plan implementation account, the Yakima integrated plan implementation revenue recovery account, and the Yakima integrated plan implementation taxable bond account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, and the state university permanent fund shall be allocated to their respective beneficiary accounts.

(b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

**Sec. 31.** RCW 43.84.092 and 2020 c 221 s 5, 2020 c 148 s 3, 2020 c 103 s 7, and 2020 c 18 s 3 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct

transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The abandoned recreational vehicle disposal account, the aeronautics account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the Chehalis basin account, the Chehalis basin taxable account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the common school construction fund, the community forest trust account, the congestion relief and safety account, the connecting Washington account, the county arterial preservation account, the county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of retirement systems expense account, the developmental disabilities community ~~(trust)~~ services account, the diesel idle reduction account, the drinking water assistance account, the administrative subaccount of the drinking water assistance account, the early learning facilities development account, the early learning facilities revolving account, the Eastern Washington University capital projects account, the education construction fund, the education legacy trust account, the election account, the electric vehicle account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the ferry bond retirement fund, the fish, wildlife, and conservation account, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the public health services account, the state higher education construction account, the higher education construction account, the higher education retirement plan supplemental benefit fund, the highway bond retirement fund, the highway infrastructure account, the highway safety fund, the hospital safety net assessment fund, the Interstate 405 and state route number 167 express toll lanes account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the limited fish and wildlife account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the

medical aid account, the money-purchase retirement savings administrative account, the money-purchase retirement savings principal account, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the multiuse roadway safety account, the municipal criminal justice assistance account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the pilotage account, the pollution liability insurance agency underground storage tank revolving account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the Puget Sound Gateway facility account, the Puget Sound taxpayer accountability account, the real estate appraiser commission account, the recreational vehicle account, the regional mobility grant program account, the resource management cost account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the sexual assault prevention and response account, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state reclamation revolving account, the state route number 520 civil penalties account, the state route number 520 corridor account, the statewide broadband account, the statewide tourism marketing account, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation future funding program account, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the University of Washington bond retirement fund, the University of Washington building account, the voluntary cleanup account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the vulnerable roadway user education account, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account, the water pollution control revolving fund, the Western Washington University capital projects account, the Yakima integrated plan implementation account, the Yakima integrated plan implementation revenue recovery account, and the Yakima integrated plan implementation taxable bond account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, and the state university permanent fund shall be allocated to their respective beneficiary accounts.

(b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

**NEW SECTION. Sec. 32.** Section 30 of this act expires July 1, 2024.

**NEW SECTION. Sec. 33.** Section 31 of this act takes effect July 1, 2024.

**NEW SECTION. Sec. 34.** The secretary of state shall submit this act to the people for their adoption and ratification, or rejection, at the next general election to be held in this state, in accordance with Article II, section 1 of the state Constitution and the laws adopted to facilitate its operation."

On page 1, line 1 of the title, after "Relating to" strike the remainder of the title and insert "a carbon pollution tax to provide tax relief, mitigate climate risk, and stabilize transportation funding; amending RCW 82.08.0206, 82.04.240, 82.04.2404, 82.04.260, 82.04.2909, 82.04.294, 82.04.280, 82.32.790, 84.48.010, 84.69.020, 82.08.020, and 82.12.020; reenacting and amending RCW 43.84.092 and 43.84.092; adding a new section to chapter 84.36 RCW; adding a new section to chapter 84.52 RCW; adding a new section to chapter 46.68 RCW; adding a new chapter to Title 82 RCW; creating new sections; repealing 2017 3rd sp.s. c 37 s 518, 2017 c 135 s 9, 2010 c 114 s 104, and 2003 c 149 s 3; providing effective dates; providing a contingent effective date; providing an expiration date; and providing for submission of this act to a vote of the people."

Senator Braun spoke in favor of adoption of the striking amendment.

Senator Carlyle spoke against adoption of the striking amendment.

#### PARLIAMENTARY INQUIRY

Senator Ericksen: "Thank you Mr. President. I have a point of inquiry as to the properness of mentioning the name of an individual. This is a question for a speech I would like to give not what anybody else has said. Um, mentioning the name of an individual during a floor speech who is a public figure, who has been active in the initiative process in the past. Can I reference that person's name in a floor speech? Is that within our rules?"

#### REPLY BY THE PRESIDENT

President Heck: "Thank you Senator Ericksen. The President is hesitant to answer a hypothetical because specific ways which a reference is made or context matter. I would just like to remind the Senator that any remarks must be within the rules of the Senate and that notably includes that they be pertinent to the amendment before the body."

Senators Rivers, Wilson, L., Fortunato, Wagoner, Dozier and King spoke in favor of adoption of the striking amendment.

Senator Ericksen spoke on adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of striking floor amendment no. 571 by Senator Braun to Second Substitute Senate Bill No. 5126.

The motion by Senator Braun did not carry and striking floor amendment no. 571 was not adopted by voice vote.

Senator Wagoner moved that the following striking floor amendment no. 673 by Senator Wagoner be adopted:

Strike everything after the enacting clause and insert the following:

**"PART I  
IMPOSING A CARBON POLLUTION TAX TO  
MITIGATE CLIMATE RISK AND PROVIDE  
INDIVIDUAL AND BUSINESS TAX RELIEF**

**NEW SECTION. Sec. 1.** This act establishes a carbon pollution tax to account for a significant share of the economic and environmental impacts of greenhouse gas emissions and includes substantial funding for forest health and resiliency. The legislature intends to offset the tax burden imposed on Washingtonians from this tax by providing individual and business tax relief as identified in this act, including state property tax relief for homeowners, eliminating the business and occupation tax on manufacturing, and implementing the working families tax credit.

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

(1) "Aircraft fuel" has the same meaning as provided in RCW 82.42.010.

(2) "Carbon calculation" means a calculation made by the department of ecology, in consultation with the department of commerce, for purposes of determining the carbon dioxide emissions from the complete combustion or oxidation of fossil fuels for use in calculating the carbon pollution tax pursuant to section 3 of this act. The carbon calculation also includes the life-cycle analysis of emissions associated with these fuels determined under section 3 of this act.

(3) "Carbon dioxide equivalent" means a metric measure used to compare the emissions from various greenhouse gases based on their global warming potential.

(4) "Carbon pollution tax" means the tax created in section 3 of this act.

(5) "Coal" means a readily combustible rock of carbonaceous material, including anthracite coal, bituminous coal, subbituminous coal, lignite, waste coal, syncopal, and coke of any kind.

(6) "Department" means the department of revenue.

(7) "Direct access gas customer" means a person who purchases natural gas for consumption from any seller other than a seller registered with the department for purposes of paying taxes due under chapter 82.04 or 82.16 RCW.

(8) "Facility" means any physical property, plant, building, structure, source, or stationary equipment located on one or more contiguous or adjacent properties in actual physical contact or separated solely by a public roadway or other public right-of-way and under common ownership or common control, that emits or may emit any greenhouse gas.

(9) "Fossil fuel" means motor vehicle fuel, special fuel, dyed special fuel, aircraft fuel, natural gas, coal, and any form of solid, liquid, or gaseous fuel derived from natural gas, coal, petroleum, or crude oil, including without limitation still gas, propane, and petroleum residuals including bunker fuel.

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

(11) "Greenhouse gas" means carbon dioxide, methane, nitrogen trifluoride, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons, perfluorocarbons, and other fluorinated greenhouse gases.

(12) "Highly impacted community" has the same meaning as defined in RCW 19.405.020.

(13) "Motor vehicle fuel" has the same meaning as provided in RCW 82.38.020.

(14) "Natural gas" means naturally occurring mixtures of hydrocarbon gases and vapors consisting principally of methane, whether in gaseous or liquid form, including methane clathrate.

(15) "Person" has the same meaning as provided in RCW 82.04.030.

(16) "Sale" has the same meaning as provided in RCW 82.04.040.

(17) "Special fuel" has the same meaning as provided in RCW 82.38.020.

(18) "Taxpayer" means a person subject to the carbon pollution tax created in section 3 of this act.

(19) "Tribal lands" has the same meaning as "Indian country" as provided in 18 U.S.C. Sec. 1151, and also includes sacred sites, traditional cultural properties, burial grounds, and other tribal sites protected by federal or state law.

(20)(a) "Use," "used," "using," or "put to use" means, with respect to any fossil fuel other than natural gas, the consumption in this state of the fossil fuel by the taxpayer or the possession or storage in this state of the fossil fuel by the taxpayer preparatory to subsequent consumption of the fossil fuel within this state by the taxpayer.

(b) "Use," "used," "using," or "put to use" means, with respect to natural gas, the consumption in this state of the fossil fuel by the taxpayer.

(c) For the purposes of this subsection, "possession" means the control of fossil fuel located within this state and includes either actual or constructive possession, or both. "Actual possession" occurs when the person with control has physical possession. "Constructive possession" occurs when the person with control does not have physical possession. "Control" means the power to sell or use a fossil fuel or to authorize the sale or use by another.

(21) "Vulnerable populations" has the same meaning as defined in RCW 19.405.020.

(22) "Year" means the 12-month period commencing January 1st and ending December 31st unless otherwise specified.

**NEW SECTION. Sec. 3.** (1)(a) Beginning July 1, 2022, a carbon pollution tax is imposed on the sale or use within this state of all fossil fuels, except fossil fuels used to generate electricity in the state.

(b) The measure of the carbon pollution tax is the carbon dioxide equivalent emissions:

(i) Resulting from the complete combustion or oxidation of fossil fuels sold or used by the taxpayer within this state; and

(ii) For the purposes of measuring the tax rate under subsection (2) of this section only, from the entire life cycle of the fossil fuel.

(2) The tax rate as of July 1, 2022, is equal to \$15.00 per metric ton of greenhouse gas emissions. The tax rate automatically increases annually each July 1st thereafter by five percent each year and is adjusted for inflation using the consumer price index.

(3) By January 1, 2031, the department of ecology shall make a determination of whether the sources of emissions covered by this tax are predicted to achieve their combined share of the emissions reductions necessary for the state to achieve the emissions limits established in RCW 70A.45.020. By January 1, 2031, the department of ecology must provide the legislature with a report detailing its determination with recommendations, pursuant to the tax and covered sources, for achieving the emissions limits established in RCW 70A.45.020.

(4) For the purposes of this chapter, the carbon pollution tax is imposed:

(a) Only once with respect to the same unit of fossil fuel;

(b) At the time and place of the first event within this state in which the tax is applicable, except as otherwise provided in this section, occurring on or after the effective date of this section, regardless of whether the fossil fuel was previously sold, used, or consumed within this state before the effective date of this section; and

(c) Upon the first person within this state upon which the tax would be applicable, except as otherwise provided in this section. Such a person includes:

(i) A person required to be registered with the department under RCW 82.32.030(1);

(ii) The state, its political subdivisions, and municipal corporations; and

(iii) A person who maintains a place of business in this state but who is not required to be registered with the department under RCW 82.32.030(1).

(5) As provided in this section, the carbon pollution tax on the sale or use of fossil fuels is imposed on the seller or user of the fossil fuel.

(6) The carbon pollution tax on the sale or use of natural gas is imposed as follows:

(a) Natural gas transported through the state that is not produced or delivered in the state is exempt from the carbon pollution tax imposed by this section. Natural gas possessed or stored in this state is exempt from the carbon pollution tax imposed by this section unless the tax is otherwise applicable under (b) or (c) of this subsection;

(b) For natural gas sold by a gas distribution business to a retail customer in the state, the carbon pollution tax is imposed on the gas distribution business upon the sale of such natural gas to the retail customer; and

(c) For natural gas sold to a direct access gas customer in the state, the carbon pollution tax is imposed on the direct access gas customer upon the consumption of such natural gas by the direct access gas customer.

(7) For motor vehicle fuel and special fuel, the carbon pollution tax is imposed on the seller or user of the fuel at the points of taxation specified in RCW 82.38.030(9).

(8)(a) The carbon pollution tax may not be applied to the sale or use of any fossil fuels or consumption of electricity upon which the tax under this chapter has been previously imposed.

(b) A sale of fossil fuel takes place in this state when the fossil fuel is delivered in this state to the purchaser or a person designated by the purchaser, notwithstanding any contract terms designating a location outside of this state as the place of sale.

(c) All sales subject to the tax within this state of a fossil fuel must document the amount of carbon pollution tax paid in accordance with rules adopted by the department.

(9) For purposes of determining the carbon pollution tax due under this chapter:

(a) The department must use the carbon calculation for all fossil fuels sold or used within the state, a calculation of the life-cycle emissions associated with the consumption in the state of transportation fuels;

(b) For fossil fuels, the department of ecology, in consultation with the department of commerce, must adopt by rule criteria for making the carbon calculation;

(c) The department of ecology may require additional information from sources as necessary, in consultation with the department of commerce, for determining the carbon calculation under this chapter.

(10) For taxpayers who are also subject to any of the taxes imposed under chapter 82.04, 82.08, 82.12, or 82.16 RCW, the frequency of reporting and payment of the carbon pollution tax must, to the extent practicable, coincide with a taxpayer's reporting periods for the taxes imposed under chapter 82.04,

82.08, 82.12, or 82.16 RCW.

(11) The department must develop and make available worksheets, tax tables, and guidance documents it deems necessary to calculate the carbon dioxide emissions of fossil fuels.

(12) The first \$500,000,000 of carbon pollution tax proceeds collected under this section must be deposited in the forest resiliency account created in RCW 43.79. . . . (section 964, chapter . . . (Engrossed Substitute Senate Bill No. 5092), Laws of 2021) and must be used to implement the department of natural resources' forest health plan, as specified in chapter 95, Laws of 2017. All remaining proceeds from the carbon pollution tax imposed under this section must be deposited in the state general fund.

**NEW SECTION. Sec. 4.** (1) The carbon pollution tax in section 3 of this act does not apply to:

(a) Fossil fuels brought into this state by means of the primary fuel supply tank of a motor vehicle, vessel, locomotive, or aircraft, actively supplying fuel for combustion upon entry into the state;

(b) Fossil fuels that the state is prohibited from imposing a tax under the state Constitution or the Constitution or laws of the United States;

(c)(i) Fossil fuels exported from this state. Export to Indian country located within the boundaries of this state is not considered export from this state. For purposes of this subsection, "Indian country" has the same meaning as provided in RCW 37.12.160.

(ii) An exporter of fossil fuels upon which another person previously paid the carbon pollution tax is entitled to a credit or refund of the tax paid, if the exporter can establish to the department's satisfaction that the tax under this chapter was previously paid on the exported fossil fuels. The person who paid the carbon pollution tax is not entitled to an exemption under this subsection (1)(c) when any other person is entitled to a refund or credit under this subsection (1)(c)(ii). For purposes of this subsection, "exporter" means a person who exports fossil fuels or electricity from this state;

(d) The sale or use of coal transition power as defined in RCW 80.80.010;

(e) Diesel fuel, biodiesel fuel, or aircraft fuel when these fuels are used solely for agricultural purposes by a farm fuel user, as defined in RCW 82.08.865;

(f) Biogas, which includes renewable liquid natural gas or liquid compressed natural gas made from biogas, landfill gas, biodiesel, renewable diesel, and cellulosic ethanol;

(g) Aircraft fuel as defined in RCW 82.42.010;

(h) The portion of fossil fuels purchased in the state and combusted outside the state by interstate motor carriers and vessels used primarily in interstate or foreign commerce. The department must provide a methodology by rule to apportion fossil fuels consumed inside the state of Washington by interstate motor carriers and vessels used primarily in interstate or foreign commerce;

(i) Activities or property of Indian tribes and individual Indians that are exempt from state imposition of a tax as a matter of federal law or state law, whether by statute, rule, or compact;

(j) Motor vehicle fuel or special fuel that is used exclusively for agricultural purposes by a farm fuel user. This exemption is available only if a buyer of motor vehicle fuel or special fuel provides the seller with an exemption certificate in a form and manner prescribed by the department. For the purposes of this subsection (1)(j), "agricultural purposes" and "farm fuel user" have the same meanings as provided in RCW 82.08.865; the department shall determine a method for expanding this exemption to include fuels used for the purpose of transporting agricultural goods on public highways; the department shall

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maintain this expanded exemption for a period of five years, in order to provide the agricultural sector with a feasible transition period;

(k)(i) Motor vehicle fuel or special fuel that is used by the following: (A) Log transportation businesses; and (B) persons in the business of extracting timber. This exemption is available only if a buyer of motor vehicle fuel or special fuel provides the seller with an exemption certificate in a form and manner prescribed by the department; the department shall determine a method for expanding this exemption to include fuels used for the purpose of transporting timber on public highways; the department shall maintain this expanded exemption for a period of five years, in order to provide the timber sector with a feasible transition period.

(ii) For the purposes of this subsection (1)(k), the following definitions apply: (A) "Log transportation business" has the same meaning as provided in RCW 82.16.010; and (B) "timber" means forest trees, standing or down, on privately owned or publicly owned land, and does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035; and

(l) Any fossil fuels consumed by an energy-intensive, trade-exposed business in a sector designated by department rules. By June 30, 2022, the department in consultation with the departments of commerce and ecology shall adopt rules to designate energy-intensive, trade-exposed industry sectors. By July 30, 2026, the department of ecology must provide a report to the appropriate committees of the senate and house of representatives on whether to restrict or eliminate this exemption identified in this subsection (1)(l). In developing the report, the department of ecology must solicit input and data from industry sectors and other interested persons. The report must include recommendations for alternatives that will minimize leakage, allow for growth of Washington industries, recognize and provide credit for early actions to reduce emissions, availability of alternative fuels, and incorporate performance benchmarking of emissions intensity in production processes.

(2)(a) For any fossil fuels subject to the carbon pollution tax imposed by section 3 of this act that are also subject to a comparable carbon pollution tax or charge on carbon content imposed by another jurisdiction, including the federal government or allowances required to be purchased by another jurisdiction, the entity may take a credit against the tax imposed under this chapter by the amount of the comparable pollution tax or charge paid to the other jurisdiction up to the amount of tax owed under this chapter, provided that the person claiming the credit provides evidence acceptable to the department that the equivalent tax has been paid.

(b) For the purposes of this section, a comparable carbon pollution tax or charge means a tax or charge that is not generally imposed on other activities or privileges that is:

(i) Imposed on the sale, use, possession, transfer, or consumption of fossil fuels; and

(ii) Measured in terms of greenhouse gas emissions by the greenhouse gas emissions resulting from the complete combustion or oxidation of such fossil fuels.

NEW SECTION. **Sec. 5.** The provisions of chapter 82.32 RCW apply to this chapter.

NEW SECTION. **Sec. 6.** This chapter may be known and cited as the Washington climate and economic relief act.

NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act constitute a new chapter in Title 82 RCW.

NEW SECTION. **Sec. 8.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other

persons or circumstances is not affected.

**PART II**

**PROVIDING FINANCIAL RELIEF FOR WORKING FAMILIES**

**Sec. 9.** RCW 82.08.0206 and 2008 c 325 s 2 are each amended to read as follows:

(1) A working families' tax exemption, in the form of a remittance of tax due under this chapter and chapter 82.12 RCW, is provided to eligible low-income persons for sales taxes paid under this chapter after January 1, ~~((2008))~~ 2022.

(2) For purposes of the exemption in this section, ~~((an eligible low income person is))~~ the following definitions apply:

~~((A))~~ "Eligible low-income person" means an individual ~~((; or an individual and that individual's spouse if they file a federal joint income tax return;~~

~~((b) [An individual who] Who is))~~ who:

~~((i) Is eligible for~~ ~~((; and is granted.))~~ (i) Is eligible for the credit provided in Title 26 U.S.C. Sec. 32; and

~~((c) [An individual who] Who properly))~~ (ii) Properly files a federal income tax return as a Washington resident, and has been a resident of the state of Washington more than one hundred eighty days of the year for which the exemption is claimed.

~~((b) "Income" means earned income as defined by Title 26 U.S.C. Sec. 32.~~

~~((c) "Individual" means an individual and that individual's spouse if they file a federal joint income tax return.~~

~~((3) ((For remittances made in 2009 and 2010, the working families' tax exemption for the prior year is a retail sales tax exemption equal to the greater of five percent of the credit granted as a result of Title 26 U.S.C. Sec. 32 in the most recent year for which data is available or twenty five dollars. For 2011)) (a) For 2023 and thereafter, the working families' tax ((exemption)) remittance amount for the prior year is equal to the greater of ten percent of the credit granted as a result of Title 26 U.S.C. Sec. 32 in the most recent year for which data is available or fifty dollars.~~

~~((b) If the remittance for an eligible person as calculated in this section is greater than one cent, but less than \$50, the remittance amount is \$50.~~

~~((c) ((For any fiscal period, the working families' tax exemption authorized under this section shall be approved by the legislature in the state omnibus appropriations act before persons may claim the exemption during the fiscal period.~~

~~((5))~~ The working families' tax exemption shall be administered as provided in this subsection.

~~((a) An eligible low income person claiming an exemption under this section must pay the tax imposed under chapters 82.08, 82.12, and 82.14 RCW in the year for which the exemption is claimed. The eligible low income person may then apply to the department for the remittance as calculated under subsection (3) of this section.~~

~~((b) Application shall be made to the department in a form and manner determined by the department, but the department must provide alternative filing methods for applicants who do not have access to electronic filing.~~

~~((c) Application for the exemption remittance under this section must be made in the year following the year for which the federal return was filed, but in no case may any remittance be provided for any period before January 1, 2008. The department may use the best available data to process the exemption remittance. The department shall begin accepting applications October 1, 2009.~~

~~((d) The department shall review the application and determine eligibility for the working families' tax exemption based on information provided by the applicant and through audit and other administrative records, including, when it deems it necessary, verification through internal revenue service data.~~

~~(e) The department shall remit the exempted amounts to eligible low income persons who submitted applications. Remittances may be made by electronic funds transfer or other means.~~

~~(f) The department may, in conjunction with other agencies or organizations, design and implement a public information campaign to inform potentially eligible persons of the existence of and requirements for this exemption.~~

~~(g) The department may contact persons who appear to be eligible low income persons as a result of information received from the internal revenue service under such conditions and requirements as the internal revenue service may by law require.~~

~~(6) The provisions of chapter 82.32 RCW apply to the exemption in this section.~~

~~(7) The department may adopt rules necessary to implement this section.~~

~~(8) The department shall limit its costs for the exemption program to the initial start up costs to implement the program. The state omnibus appropriations act shall specify funding to be used for the ongoing administrative costs of the program. These ongoing administrative costs include, but are not limited to, costs for: The processing of internet and mail applications, verification of application claims, compliance and collections, additional full-time employees at the department's call center, processing warrants, updating printed materials and web information, media advertising, and support and maintenance of computer systems.)~~

~~(a) The remittance paid under this section will be paid to eligible filers who apply pursuant to this subsection.~~

~~(i) Application must be made to the department in a form and manner determined by the department. If the application process is initially done electronically, the department must provide a paper application upon request. The application must include any information and documentation as required by the department.~~

~~(ii) Application for the remittance under this section must be made in the year following the year for which the federal return was filed, but in no case may any remittance be provided for any period before January 1, 2022. The department must use the eligible person's most recent federal tax filing to process the remittance.~~

~~(iii) A person may not claim an exemption on behalf of a deceased individual. No individual may claim an exemption under this section for any year in a disallowance period under Title 26 U.S.C. Sec. 32(k)(1) or for any year for which the individual is ineligible to claim the credit in Title 26 U.S.C. Sec. 32 by reason of Title 26 U.S.C. Sec. 32(k)(2).~~

~~(b) The department shall protect the privacy and confidentiality of personal data of remittance recipients in accordance with chapter 82.32 RCW.~~

~~(c) The department shall, in conjunction with other agencies or organizations, design and implement a public information campaign to inform potentially eligible persons of the existence of, and requirements for, this section.~~

~~(d) The department must work with the internal revenue service to administer the exemption on an automatic basis as soon as practicable.~~

~~(5) Receipt of the remittance under this section may not be used in eligibility determinations for any state income support programs or in making public charge determinations.~~

~~(6) The department may adopt rules necessary to implement this section. This includes establishing a date by which applications will be accepted, with the aim of accepting applications as soon as possible. The department may gather necessary data through audit and other administrative records, including verification through internal revenue service data.~~

~~(7) The department must review the application and determine eligibility for the working families' tax exemption based on~~

information provided by the applicant and through audit and other administrative records, including, when it deems it necessary, verification through internal revenue service data.

(8) If, upon review of internal revenue service data or other information obtained by the department, it appears that an individual received a remittance that the individual was not entitled to, or received a larger remittance than the individual was entitled to, the department may assess against the individual the overpaid amount. The department may also assess such overpaid amount against the individual's spouse if the remittance in question was based on both spouses filing a joint federal income tax return for the year for which the remittance was claimed.

(a) Interest as provided under RCW 82.32.050 applies to assessments authorized under this subsection (8). Except as otherwise provided in this subsection, penalties may not be assessed on amounts due under this subsection.

(b) If an amount due under this subsection is not paid in full by the date due, or the department issues a warrant for the collection of amounts due under this subsection, the department may assess the applicable penalties under RCW 82.32.090.

(c) If the department finds by clear, cogent, and convincing evidence that an individual knowingly submitted, caused to be submitted, or consented to the submission of, a fraudulent claim for remittance under this section, the department must assess a penalty of 50 percent of the overpaid amount. This penalty is in addition to any other applicable penalties assessed in accordance with (b) of this subsection (8).

(9) If, within the period allowed for refunds under RCW 82.32.060, the department finds that an individual received a lesser remittance than the individual was entitled to, the department must remit the additional amount due under this section to the individual.

(10) Interest does not apply to remittances provided under this act.

(11) For any fiscal period, the working families' tax exemption authorized under this section shall be approved by the legislature in the state omnibus appropriations act before persons may claim the exemption during the fiscal period.

NEW SECTION. Sec. 10. The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act.

### **PART III**

## **PROVIDING TAX RELIEF TO PRESERVE AEROSPACE AND OTHER MANUFACTURING JOBS IN WASHINGTON**

NEW SECTION. Sec. 11. The legislature finds that the manufacturing industry in Washington is an important source of jobs that pay significantly more than the average state wage. The legislature also finds that even prior to the coronavirus pandemic, the manufacturing industry had lost more than 43,000 jobs during the 21st century, while other leading Washington industries have collectively added hundreds of thousands of jobs. The legislature further finds that the coronavirus pandemic has exposed the detriments of limited manufacturing capacity at times when the people need a reliable supply of basic core products and goods.

It is the intent of the legislature to encourage a resurgence of manufacturing capacity in Washington and the creation of family-wage jobs by reducing the tax burden on the manufacturing industry. It is intended that this act will not only enhance the security of the public by promoting self-sufficiency, but also draw new industries to Washington.

**Sec. 12.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to read as follows:

Upon every person engaging within this state in business as a manufacturer or processor for hire, except persons taxable as manufacturers or processors for hire under other provisions of this chapter; as to such persons the amount of the tax with respect to

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such business shall be equal to the value of the products, including by-products, manufactured or processed, multiplied by the rate of ~~((0.484))~~ 0.00 percent.

The measure of the tax is the value of the products, including by-products, so manufactured regardless of the place of sale or the fact that deliveries may be made to points outside the state.

**Sec. 13.** RCW 82.04.2404 and 2017 3rd sp.s. c 37 s 503 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing or processing for hire semiconductor materials, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured, or, in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of ~~((0.275))~~ 0.00 percent.

(2) For the purposes of this section "semiconductor materials" means silicon crystals, silicon ingots, raw polished semiconductor wafers, and compound semiconductor wafers.

~~(3) ((A person reporting under the tax rate provided in this section must file a complete annual tax performance report with the department under RCW 82.32.534.~~

~~(4) Any person who has claimed the preferential tax rate under this section must reimburse the department for fifty percent of the amount of the tax preference under this section, if:~~

~~(a) The number of persons employed by the person claiming the tax preference is less than ninety percent of the person's three-year employment average for the three years immediately preceding the year in which the preferential tax rate is claimed; or~~

~~(b) The person is subject to a review under section 501(4)(a), chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet performance criteria in section 501(4)(a), chapter 37, Laws of 2017 3rd sp. sess.~~

~~(5))~~ This section expires December 1, 2028.

**Sec. 14.** RCW 82.04.260 and 2020 c 165 s 3 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate of ~~((0.138))~~ 0.00 percent;

(b) Beginning July 1, 2025, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured multiplied by the rate of 0.00 percent or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c)(i) Except as provided otherwise in (c)(iii) of this subsection, from July 1, 2025, until January 1, 2036, dairy products; or selling dairy products that the person has manufactured to purchasers who either transport in the ordinary course of business the goods out of state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product; as to such persons the tax imposed is equal to the value of the products manufactured multiplied by the rate of 0.00 percent or

the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(ii) For the purposes of this subsection (1)(c), "dairy products" means:

(A) Products, not including any marijuana-infused product, that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products, such as whey and casein; and

(B) Products comprised of not less than ~~((seventy))~~ 70 percent dairy products that qualify under (c)(ii)(A) of this subsection, measured by weight or volume.

(iii) The preferential tax rate provided to taxpayers under this subsection (1)(c) does not apply to sales of dairy products on or after July 1, 2023, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product;

(d)(i) Beginning July 1, 2025, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured multiplied by the rate of 0.00 percent or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state.

(ii) For purposes of this subsection (1)(d), "fruits" and "vegetables" do not include marijuana, useable marijuana, or marijuana-infused products; and

(e) Wood biomass fuel; as to such persons the amount of tax with respect to the business is equal to the value of wood biomass fuel manufactured, multiplied by the rate of ~~((0.138))~~ 0.00 percent. For the purposes of this section, "wood biomass fuel" means a liquid or gaseous fuel that is produced from lignocellulosic feedstocks, including wood, forest, or field residue and dedicated energy crops, and that does not include wood treated with chemical preservations such as creosote, pentachlorophenol, or copper-chrome-arsenic.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate of ~~((0.138))~~ 0.00 percent.

(3) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate of ~~((0.138))~~ 0.00 percent.

(5)(a) Upon every person engaging within this state in the business of acting as a travel agent or tour operator and whose

annual taxable amount for the prior calendar year was (~~two hundred fifty thousand dollars~~) \$250,000 or less; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(b) Upon every person engaging within this state in the business of acting as a travel agent or tour operator and whose annual taxable amount for the calendar year was more than (~~two hundred fifty thousand dollars~~) \$250,000; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent through June 30, 2019, and 0.9 percent beginning July 1, 2019.

(6) Upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(7) Upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce; as to such persons the amount of tax with respect to such business is equal to the gross proceeds derived from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling prior to delivery to consignee; terminal stevedoring and incidental vessel services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

(8)(a) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW (~~(43.145.010)~~) 70A.380.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter (~~(43.200)~~) 70A.384 RCW, multiplied by the rate of 3.3 percent.

(b) If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

(9) Upon every person engaging within this state as an insurance producer or title insurance agent licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

(10) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter.

(11)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007;

(ii) 0.2904 percent beginning July 1, 2007, through March 31, 2020; (~~and~~)

(iii) Beginning April 1, 2020, 0.484 percent, subject to any reduction required under (e) of this subsection (11). The tax rate in this subsection (11)(a)(iii) applies to (~~all~~) retailing and wholesaling business activities described in this subsection (11)(a); and

(iv) Beginning January 1, 2022, 0.00 percent for manufacturing activities described in this subsection (11)(a).

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection (11) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of:

(i) 0.2904 percent through March 31, 2020; and

(ii) Beginning April 1, 2020, the following rates, which are subject to any reduction required under (e) of this subsection (11):

(A) The generally applicable rate under (~~(RCW 82.04.250(1))~~) this chapter on the business of making retail or wholesale sales of tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes; and

(B) (~~(0.484)~~) 0.00 percent on all other business activities described in this subsection (11)(b) beginning January 1, 2022.

(c) For the purposes of this subsection (11), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d)(i) In addition to all other requirements under this title, a person reporting (~~(under the tax rate)~~) a preferential tax rate for retailing or wholesaling activities provided in this subsection (11) must file a complete annual tax performance report with the department under RCW 82.32.534. However, this requirement does not apply to persons reporting under the tax rate in (a)(iii) of this subsection (11), so long as that rate remains 0.484 percent, or under any of the tax rates in (b)(ii)(A) and (B) of this subsection (11), so long as those tax rates remain the rate imposed pursuant to RCW 82.04.250(1) and 0.484 percent, respectively.

(ii) Nothing in (d)(i) of this subsection (11) may be construed as affecting the obligation of a person reporting under a tax rate provided in this subsection (11) to file a complete annual tax performance report with the department under RCW 82.32.534:

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(A) Pursuant to another provision of this title as a result of claiming a tax credit or exemption; or (B) pursuant to (d)(i) of this subsection (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of this subsection (11) for periods ending before April 1, 2020.

(e)(i) After March 31, 2021, the tax rates under (a)(iii) and (b)(ii)(A) of this subsection (11) must be reduced to 0.357 percent for retailing and wholesaling activities provided the conditions in RCW 82.04.2602 are met. The effective date of the rates authorized under this subsection (11)(e) must occur on the first day of the next calendar quarter that is at least ~~((sixty))~~ 60 days after the department receives the last of the two written notices pursuant to RCW 82.04.2602 (3) and (4).

(ii) Both a significant commercial airplane manufacturer separately and the rest of the aerospace industry as a whole, receiving the rate of 0.357 percent under this subsection (11)(e) are subject to the aerospace apprenticeship utilization rates required under RCW 49.04.220 by April 1, 2026, or five years after the effective date of the 0.357 percent rate authorized under this subsection (11)(e), whichever is later, as determined by the department of labor and industries.

(iii) The provisions of RCW 82.32.805 and 82.32.808 do not apply to this subsection (11)(e).

(f)(i) Except as provided in (f)(ii) of this subsection (11), this subsection (11) does not apply on and after July 1, 2040.

(ii) With respect to ~~((the manufacturing of commercial airplanes or))~~ making sales, at retail or wholesale, of commercial airplanes, this subsection (11) does not apply on and after July 1st of the year in which the department makes a determination that any final assembly or wing assembly of any version or variant of a commercial airplane that is the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850 has been sited outside the state of Washington. This subsection (11)(f)(ii) only applies to the ~~((manufacturing or))~~ sale of commercial airplanes that are the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850. This subsection (11)(f)(ii) continues to apply during the time that a person is subject to the tax rate in (a)(iii) of this subsection (11).

(g) For the purposes of this subsection, "a significant commercial airplane manufacturer" means a manufacturer of commercial airplanes with at least ~~((fifty thousand))~~ 50,000 full-time employees in Washington as of January 1, 2021.

(12)(a) Until July 1, 2045, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and ~~((0.2904))~~ 0.00 percent from July 1, 2007, through June 30, 2045.

(b) Until July 1, 2045, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; (ii) timber products into other timber products or wood products; or (iii) products defined in RCW 19.27.570(1); as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and ~~((0.2904))~~ 0.00 percent from July 1, 2007, through June 30, 2045.

(c) Until July 1, 2045, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted

by that person; (ii) timber products manufactured by that person from timber or other timber products; (iii) wood products manufactured by that person from timber or timber products; or (iv) products defined in RCW 19.27.570(1) manufactured by that person; as to such persons the amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products, wood products, or products defined in RCW 19.27.570(1) multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and ~~((0.2904))~~ 0.00 percent from July 1, 2007, through June 30, 2045.

(d) Until July 1, 2045, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection (12)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within ~~((thirty))~~ 30 months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than ~~((fifty))~~ 50 percent recycled paper and that also use nonpetroleum-based phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having fifty percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection (12)(e)(iii), "postconsumer waste" means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recovered paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection (12) must file a complete annual tax performance report with the

department under RCW 82.32.534.

(g) Nothing in this subsection (12) may be construed to affect the taxation of any activity defined as a retail sale in RCW 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

(13) Upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(14)(a) Upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.35 percent until July 1, 2024, and 0.484 percent thereafter.

(b) A person reporting under the tax rate provided in this subsection (14) must file a complete annual tax performance report with the department under RCW 82.32.534.

**Sec. 15.** RCW 82.04.2909 and 2017 c 135 s 12 are each amended to read as follows:

(1) Upon every person who is an aluminum smelter engaging within this state in the business of manufacturing aluminum; as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of ~~((.2904))~~ 0.00 percent.

(2) Upon every person who is an aluminum smelter engaging within this state in the business of making sales at wholesale of aluminum manufactured by that person, as to such persons the amount of tax with respect to such business is equal to the gross proceeds of sales of the aluminum multiplied by the rate of .2904 percent.

(3) A person reporting under the tax rate provided in subsection (2) of this section must file a complete annual tax performance report with the department under RCW 82.32.534.

(4) This section expires January 1, 2027.

**Sec. 16.** RCW 82.04.294 and 2017 3rd sp.s. c 37 s 403 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing solar energy systems using photovoltaic modules or stirling converters, or of manufacturing solar grade silicon, silicon solar wafers, silicon solar cells, thin film solar devices, or compound semiconductor solar wafers to be used exclusively in components of such systems; as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of ~~((.0275))~~ 0.00 percent.

(2) Upon every person engaging within this state in the business of making sales at wholesale of solar energy systems using photovoltaic modules or stirling converters, or of solar grade silicon, silicon solar wafers, silicon solar cells, thin film solar devices, or compound semiconductor solar wafers to be used exclusively in components of such systems, manufactured by that person; as to such persons the amount of tax with respect to such business is equal to the gross proceeds of sales of the solar energy systems using photovoltaic modules or stirling converters, or of the solar grade silicon to be used exclusively in components of such systems, multiplied by the rate of 0.275 percent.

(3) Silicon solar wafers, silicon solar cells, thin film solar devices, solar grade silicon, or compound semiconductor solar wafers are "semiconductor materials" for the purposes of RCW 82.08.9651 and 82.12.9651.

(4) The definitions in this subsection apply throughout this

section.

(a) "Compound semiconductor solar wafers" means a semiconductor solar wafer composed of elements from two or more different groups of the periodic table.

(b) "Module" means the smallest nondivisible self-contained physical structure housing interconnected photovoltaic cells and providing a single direct current electrical output.

(c) "Photovoltaic cell" means a device that converts light directly into electricity without moving parts.

(d) "Silicon solar cells" means a photovoltaic cell manufactured from a silicon solar wafer.

(e) "Silicon solar wafers" means a silicon wafer manufactured for solar conversion purposes.

(f) "Solar energy system" means any device or combination of devices or elements that rely upon direct sunlight as an energy source for use in the generation of electricity.

(g) "Solar grade silicon" means high-purity silicon used exclusively in components of solar energy systems using photovoltaic modules to capture direct sunlight. "Solar grade silicon" does not include silicon used in semiconductors.

(h) "Stirling converter" means a device that produces electricity by converting heat from a solar source utilizing a stirling engine.

(i) "Thin film solar devices" means a nonparticipating substrate on which various semiconducting materials are deposited to produce a photovoltaic cell that is used to generate electricity.

(5) A person reporting under the tax rate provided in subsection (2) of this section must file a complete annual tax performance report with the department under RCW 82.32.534.

(6) This section expires July 1, 2027.

**Sec. 17.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of: (a) Printing materials other than newspapers, and of publishing periodicals or magazines; (b) building, repairing or improving any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used, primarily for foot or vehicular traffic including mass transportation vehicles of any kind and including any readjustment, reconstruction or relocation of the facilities of any public, private or cooperatively owned utility or railroad in the course of such building, repairing or improving, the cost of which readjustment, reconstruction, or relocation, is the responsibility of the public authority whose street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle is being built, repaired or improved; (c) extracting for hire ~~((or processing for hire))~~, except persons taxable as extractors for hire ~~((or processors for hire))~~ under another section of this chapter; (d) operating a cold storage warehouse or storage warehouse, but not including the rental of cold storage lockers; (e) representing and performing services for fire or casualty insurance companies as an independent resident managing general agent licensed under the provisions of chapter 48.17 RCW; (f) radio and television broadcasting, but excluding revenues from network, national, and regional advertising computed either: (i) As a standard deduction that the department must publish by rule by September 30, 2020, and by September 30th of every fifth year thereafter, based on the national average thereof as reported by the United States census bureau's economic census; or (ii) in lieu thereof by itemization by the individual broadcasting station, and excluding that portion of revenue represented by the out-of-state audience computed as a ratio to the broadcasting station's total audience as measured by the .5 millivolt/meter signal strength contour for AM radio, the one

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millivolt/meter or ~~((sixty))~~ 60 dBU signal strength contour for FM radio, the ~~((twenty-eight))~~ 28 dBU signal strength contour for television channels two through six, the ~~((thirty-six))~~ 36 dBU signal strength contour for television channels seven through ~~((thirteen))~~ 13, and the ~~((forty-one))~~ 41 dBU signal strength contour for television channels ~~((fourteen))~~ 14 through ~~((sixty-nine))~~ 69 with delivery by wire, satellite, or any other means, if any; (g) engaging in activities which bring a person within the definition of consumer contained in RCW 82.04.190(6); as to such persons, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.484 percent.

(2) For the purposes of this section, the following definitions apply unless the context clearly requires otherwise.

(a) "Cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or fowl, or any combination thereof, at a desired temperature to maintain the quality of the product for orderly marketing.

(b) "Storage warehouse" means a building or structure, or any part thereof, in which goods, wares, or merchandise are received for storage for compensation, except field warehouses, fruit warehouses, fruit packing plants, warehouses licensed under chapter 22.09 RCW, public garages storing automobiles, railroad freight sheds, docks and wharves, and "self-storage" or "mini storage" facilities whereby customers have direct access to individual storage areas by separate entrance. "Storage warehouse" does not include a building or structure, or that part of such building or structure, in which an activity taxable under RCW 82.04.272 is conducted.

(c) "Periodical or magazine" means a printed publication, other than a newspaper, issued regularly at stated intervals at least once every three months, including any supplement or special edition of the publication.

**Sec. 18.** RCW 82.32.790 and 2019 c 449 s 2 are each amended to read as follows:

(1)(a) Section ~~((2))~~ 1, chapter 449, Laws of 2019, sections 510, 512, 514, 516, ~~((518,))~~ 520, 522, and 524, chapter 37, Laws of 2017 3rd sp. sess., sections ~~((9,))~~ 13, 17, 22, 24, 30, 32, and 45, chapter 135, Laws of 2017, sections ~~((404,))~~ 110, 117, 123, 125, 129, 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, ~~((3,))~~ and 5 through 10, chapter 149, Laws of 2003 are contingent upon the siting and commercial operation of a significant semiconductor microchip fabrication facility in the state of Washington by January 1, 2024.

(b) For the purposes of this section:

(i) "Commercial operation" means the same as "commencement of commercial production" as used in RCW 82.08.965.

(ii) "Semiconductor microchip fabrication" means "manufacturing semiconductor microchips" as defined in RCW 82.04.426.

(iii) "Significant" means the combined investment of new buildings and new machinery and equipment in the buildings, at the commencement of commercial production, will be at least ~~((one billion dollars))~~ \$1,000,000,000.

(2) The sections referenced in subsection (1) of this section take effect the first day of the month in which a contract for the construction of a significant semiconductor fabrication facility is signed, if the contract is signed and received by January 1, 2024, as determined by the director of the department of revenue.

(3)(a) The department of revenue must provide notice of the effective date of the sections referenced in subsection (1) of this section to affected taxpayers, the legislature, and others as deemed appropriate by the department.

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(b) If, after making a determination that a contract has been signed and the sections referenced in subsection (1) of this section are effective, the department discovers that commencement of commercial production did not take place within three years of the date the contract was signed, the department must make a determination that chapter 149, Laws of 2003 is no longer effective, and all taxes that would have been otherwise due are deemed deferred taxes and are immediately assessed and payable from any person reporting tax under RCW 82.04.240(2) or claiming an exemption or credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965, 82.08.970, 82.12.970, or 84.36.645. The department is not authorized to make a second determination regarding the effective date of the sections referenced in subsection (1) of this section.

(4)(a) This section expires January 1, 2024, if the contingency in subsection (2) of this section does not occur by January 1, 2024, as determined by the department.

(b) The department must provide written notice of the expiration date of this section and the sections referenced in subsection (1) of this section to affected taxpayers, the legislature, and others as deemed appropriate by the department.

**NEW SECTION. Sec. 19.** 2017 3rd sp.s. c 37 s 518, 2017 c 135 s 9, 2010 c 114 s 104, & 2003 c 149 s 3 are each repealed.

**NEW SECTION. Sec. 20.** Sections 11 through 19 of this act take effect January 1, 2022.

#### PART IV PROVIDING PROPERTY TAX RELIEF FOR HOMEOWNERS

**NEW SECTION. Sec. 21.** A new section is added to chapter 84.36 RCW to read as follows:

(1) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Claimant" means an individual who has applied for or is receiving a homestead exemption.

(b) "Homestead exemption" means an exemption from a portion of state property taxes.

(c) "Manufactured/mobile home," "manufactured housing cooperative," "mobile home park cooperative," and "park model" have the same meanings as provided in RCW 59.20.030.

(d) "Residence" means a single-family dwelling unit whether such unit is separate or part of a multiunit dwelling, including the land on which such dwelling stands. "Residence" includes:

(i) A single-family dwelling situated upon lands the fee of which is vested in or held in trust by the United States or any of its instrumentalities, a federally recognized Indian tribe, the state of Washington or any of its political subdivisions, or a municipal corporation;

(ii) A single-family dwelling consisting of a manufactured/mobile home or park model that has substantially lost its identity as a mobile unit by virtue of its being fixed in location and placed on a foundation with fixed pipe connections with sewer, water, or other utilities; and

(iii) A single-family dwelling consisting of a floating home as defined in RCW 82.45.032.

(2)(a) Subject to the conditions in this section, a portion of the assessed value of a residence is exempt from the total state property tax under RCW 84.52.065 (1) and (2). Beginning with taxes levied for collection in calendar year 2023 and subject to the adjustments and limitations in subsection (3) of this section, the exemption from state property taxes is equal to:

(i) The first \$100,000 of valuation of each residential tax parcel consisting of fewer than three residences; and

(ii) The first \$100,000 of valuation of each residence within a multiunit residential dwelling wherein each residence is owned and taxed separately or is owned by members of a cooperative

housing association, corporation, or partnership.

(b) For taxes levied for collection in calendar year 2024 and each subsequent year thereafter, the amount of homestead exemption must be increased from the prior year's exemption amount by the percentage growth in the state levy for the prior calendar year. The department is responsible for making a determination of any increase in the amount of the homestead exemption and may round the dollar amount of the homestead exemption to the nearest thousand dollars.

(3)(a) The county assessor must multiply the amount of the homestead exemption for a tax year by the combined indicated ratio fixed by the department for the county in which the residence is located and used by the department to determine the equalized state levy rate for that county for that tax year.

(b) The amount of the homestead exemption for a residence may not result in a tax reduction that exceeds the amount of state property taxes that would otherwise be levied on that residence.

(4) The homestead exemption is in addition to the exemption provided in RCW 84.36.379 through 84.36.389.

(5)(a) The homestead exemption must be claimed and renewed on declaration and renewal declaration forms developed by the department or by the county assessor and approved by the department. Each county assessor must make declaration and renewal declaration forms available at the assessor's office, on the assessor's official website, and by mail or email upon request.

(b) The claimant or his or her designated agent or legal guardian must sign the declaration or renewal declaration declaring that the property for which a homestead exemption is sought is the claimant's principal residence within the meaning of subsection (6)(a) and (b) of this section. If the claimant resides in a cooperative housing association, corporation, or partnership, the declaration or renewal declaration must also be signed by the authorized agent of such cooperative. If the claimant holds a life estate in the residence for which a homestead exemption is claimed and the claimant is not shown on the tax rolls as the taxpayer for that residence, the remainderman or other person shown on the tax rolls as the taxpayer must also sign the declaration or renewal declaration. All signatures on a declaration or renewal declaration must be made under penalty of perjury.

(c) Notice of the homestead exemption and where to obtain further information about the exemption must be included on or with property tax statements and revaluation notices for residential property. The department and each county assessor are required to publicize the qualifications and manner of making claims for the homestead exemption, including such paid advertisements or notices as deemed appropriate in the sole discretion of the department and county assessors.

(6) The following conditions apply to homestead exemptions:

(a) The residence must be occupied by the claimant as his or her principal place of residence as of the date of the signed declaration or renewal declaration under subsection (5) of this section. A claimant who sells, transfers, or is displaced from his or her residence may transfer his or her exemption status to a replacement residence, but no claimant may receive a homestead exemption on more than one residence in any calendar year. However, the confinement of the claimant to a hospital, nursing home, assisted living facility, or adult family home will not disqualify the claim of exemption if:

(i) The residence is temporarily unoccupied;

(ii) The residence is occupied by either a spouse, state registered domestic partner, or a person financially dependent on the claimant for support, or both; or

(iii) The residence is rented for the purpose of paying the claimant's costs of a nursing home, hospital, assisted living facility, or adult family home.

(b) At the time of signing the declaration or renewal

declaration:

(i) The claimant must have owned, in fee or by contract purchase, or have held a life estate in, the residence for which the homestead exemption is claimed; or

(ii) If the claimant resides in a cooperative housing association, corporation, or partnership, including a mobile home park cooperative or manufactured housing cooperative, the claimant must own a share in the cooperative representing the unit or dwelling in which he or she resides or the lot on which his or her manufactured/mobile home or park model is situated.

(c) For purposes of this subsection, a residence owned by a marital community, state registered domestic partners, or cotenants is deemed to be owned by each spouse, domestic partner, or cotenant, and any lease for life is deemed a life estate.

(d) Except as provided in (e) of this subsection, the declaration form identified in subsection (5) of this section must be signed and returned to the county assessor no later than June 30th for exemption from state taxes payable the following year.

(e) A homestead exemption continues for no more than six consecutive years unless a renewal declaration is filed with the county assessor. At least once every six years the county assessor must, no later than March 1st, notify claimants currently receiving a homestead exemption of the requirement to file a renewal declaration. The county assessor may also require a renewal declaration following any change in state law regarding the qualifications or conditions for the homestead exemption. Each claimant receiving a homestead exemption must file with the county assessor a renewal declaration no later than June 30th of the year the assessor notifies such person of the requirement to file the renewal declaration.

(f)(i) The assessed value of a dwelling owned by a cooperative housing association, corporation, or partnership must be reduced, for purposes of state property taxes levied on the dwelling, by the amount of homestead exemption to which a claimant residing in that dwelling is entitled. The cooperative must pass the full amount of its property tax savings under this section to its members in proportion to each member's homestead exemption. The cooperative may meet its obligation under this subsection (6)(f)(i) by reducing the amount owed by the members to the cooperative or, if no amount be owed, by making payment to the members.

(ii) A mobile home park cooperative or manufactured housing cooperative is entitled to any unused portion of the homestead exemption of its members. A mobile home park cooperative or manufactured housing cooperative receiving the unused portion of the homestead exemption of its members must pass the full amount of its property tax savings to its members in proportion to each member's unused homestead exemption. The cooperative may meet its obligation under this subsection (6)(f)(ii) by reducing the amount owed by the members to the cooperative or, if no amount be owed, by making payment to the members. For purposes of this subsection (6)(f)(ii), "unused portion of the homestead exemption" means the amount by which the maximum allowable homestead exemption exceeds the assessed value of the manufactured/mobile home or park model owned by a member of the mobile home park cooperative or manufactured housing cooperative.

(g) A claimant granted a homestead exemption must immediately inform the county assessor, on forms created or approved by the department, of any change in status affecting the claimant's entitlement to a homestead exemption.

(h) Where a claimant has a life estate in his or her residence and a remainderman or other person would have otherwise paid the state property tax exempted on the residence as a result of the claimant's homestead exemption, such remainderman or other person must reduce the amount owed by the claimant to the

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remainderman or other person by the amount of the tax savings from the claimant's homestead exemption. If no amount is owed by the claimant to the remainderman or other person, the remainderman or other person must make payment to the claimant in the full amount of the tax savings from the claimant's homestead exemption.

(7)(a)(i) If the assessor finds that the claimant's residence does not meet the qualifications for a homestead exemption, the assessor must deny or cancel the homestead exemption.

(ii) If the assessor receives a declaration or renewal declaration after the deadline in subsection (6)(d) or (e) of this section, the assessor must deny the homestead exemption unless the assessor determines that the claimant qualifies for the homestead exemption and that good cause exists to excuse the late filing. A claimant whose homestead exemption was denied or canceled because the declaration or renewal declaration was filed after the deadline in subsection (6)(d) or (e) of this subsection may seek a refund of state property taxes paid as a result of the denial or cancellation, as provided in RCW 84.69.020. For purposes of this subsection (7)(a)(ii), good cause may be shown by one or more of the following circumstances:

(A) Death or serious illness of the claimant or a member of the claimant's immediate family, as defined in RCW 42.17A.005, within two weeks of the due date of the declaration or renewal declaration;

(B) The declaration or renewal declaration was mailed timely but inadvertently sent to the wrong address;

(C) The claimant received incorrect, ambiguous, or misleading written advice regarding the qualifications or filing requirements for the homestead exemption from the county assessor's staff;

(D) Natural disaster, such as flood or earthquake, occurring within two weeks of the due date of the declaration or renewal declaration;

(E) Delay or loss of the declaration or renewal declaration by the postal service, and documented by the postal service;

(F) The claimant was not sent a notice of the requirement to file a renewal declaration within the six-year period as required by subsection (6)(e) of this section; or

(G) Other circumstances as the department may provide by rule.

(b) A denial or cancellation under this subsection is subject to appeal under the provisions of RCW 84.48.010 and in accordance with the provisions of RCW 84.40.038.

(c) If the assessor determines that the claimant had received a homestead exemption in error in prior years, the county treasurer must collect all state property taxes that would have been paid on the claimant's residence for the prior years had the homestead exemption not been claimed, not to exceed six years. Interest, but not penalties, applies to such taxes and is computed at the same rates and in the same way as interest is computed on delinquent taxes. Taxes and interest imposed under this subsection (7)(c): (i) Must be extended on the tax roll; (ii) are due within 30 days after the date of the treasurer's billing for such taxes and interest; and (iii) constitute a lien on the real property to which the tax and interest applies as provided in chapter 84.60 RCW.

(8) The department may conduct audits of the administration of this section and claims filed for the homestead exemption as the department considers necessary. The powers of the department under chapter 84.08 RCW apply to these audits.

(9) The homestead exemption under this section applies to the total state property tax levied under RCW 84.52.065. The exemption does not apply to any local property taxes.

(10) The department may adopt such rules in accordance with chapter 34.05 RCW, and prescribe such forms, as the department deems necessary and appropriate to implement and administer

this section.

NEW SECTION. **Sec. 22.** A new section is added to chapter 84.52 RCW to read as follows:

Pursuant to the provisions of Article VII, section . . . (Senate Joint Resolution No. . . . (S-0947/21)), the state levy must be reduced as necessary to prevent the value exempted under the homestead exemption in section 21 of this act from resulting in a higher tax rate than would have occurred in the absence of the homestead exemption.

**Sec. 23.** RCW 84.48.010 and 2017 c 155 s 1 are each amended to read as follows:

(1) Prior to July 15th, the county legislative authority must form a board for the equalization of the assessment of the property of the county. The members of the board must receive a per diem amount as set by the county legislative authority for each day of actual attendance of the meeting of the board of equalization to be paid out of the current expense fund of the county. However, when the county legislative authority constitutes the board they may only receive their compensation as members of the county legislative authority. The board of equalization must meet in open session for this purpose annually on the 15th day of July or within fourteen days of certification of the county assessment rolls, whichever is later, and, having each taken an oath fairly and impartially to perform their duties as members of such board, they must examine and compare the returns of the assessment of the property of the county and proceed to equalize the same, so that each tract or lot of real property and each article or class of personal property must be entered on the assessment list at its true and fair value, according to the measure of value used by the county assessor in such assessment year, which is presumed to be correct under RCW 84.40.0301, and subject to the following rules:

(a) They must raise the valuation of each tract or lot or item of real property which is returned below its true and fair value to such price or sum as to be the true and fair value thereof, after at least five days' notice must have been given in writing to the owner or agent.

(b) They must reduce the valuation of each tract or lot or item which is returned above its true and fair value to such price or sum as to be the true and fair value thereof.

(c) They must raise the valuation of each class of personal property which is returned below its true and fair value to such price or sum as to be the true and fair value thereof, and they must raise the aggregate value of the personal property of each individual whenever the aggregate value is less than the true valuation of the taxable personal property possessed by such individual, to such sum or amount as to be the true value thereof, after at least five days' notice must have been given in writing to the owner or agent thereof.

(d) They must reduce the valuation of each class of personal property enumerated on the detail and assessment list of the current year, which is returned above its true and fair value, to such price or sum as to be the true and fair value thereof; and they must reduce the aggregate valuation of the personal property of such individual who has been assessed at too large a sum to such sum or amount as was the true and fair value of the personal property.

(e) The board may review all claims for either real or personal property tax exemption, or homestead exemptions under section 21 of this act, as determined by the county assessor, and must consider any taxpayer appeals from the decision of the assessor thereon to determine (i) if the taxpayer is entitled to an exemption, and (ii) if so, the amount thereof.

(2) The board must notify the taxpayer and assessor of the board's decision within forty-five days of any hearing on the

taxpayer's appeal of the assessor's valuation of real or personal property.

(3) The clerk of the board must keep an accurate journal or record of the proceedings and orders of the board showing the facts and evidence upon which their action is based, and the record must be published the same as other proceedings of county legislative authority, and must make a true record of the changes of the descriptions and assessed values ordered by the county board of equalization. The assessor must correct the real and personal assessment rolls in accordance with the changes made by the county board of equalization.

(4) The county board of equalization must meet on the 15th day of July or within fourteen days of certification of the county assessment rolls, whichever is later, and may continue in session and adjourn from time to time during a period not to exceed four weeks, but must remain in session not less than three days. However, the county board of equalization with the approval of the county legislative authority may convene at any time when petitions filed exceed twenty-five, or ten percent of the number of appeals filed in the preceding year, whichever is greater.

(5) No taxes, except special taxes, may be extended upon the tax rolls until the property valuations are equalized by the department of revenue for the purpose of raising the state revenue.

(6) County legislative authorities as such have at no time any authority to change the valuation of the property of any person or to release or commute in whole or in part the taxes due on the property of any person.

**Sec. 24.** RCW 84.69.020 and 2017 3rd sp.s. c 13 s 310 are each amended to read as follows:

(1) On the order of the county treasurer, ad valorem taxes paid before or after delinquency must be refunded if they were:

- ~~((1))~~ (a) Paid more than once;
- ~~((2))~~ (b) Paid as a result of manifest error in description;
- ~~((3))~~ (c) Paid as a result of a clerical error in extending the tax rolls;
- ~~((4))~~ (d) Paid as a result of other clerical errors in listing property;
- ~~((5))~~ (e) Paid with respect to improvements which did not exist on assessment date;
- ~~((6))~~ (f) Paid under levies or statutes adjudicated to be illegal or unconstitutional;
- ~~((7))~~ (g) Paid as a result of mistake, inadvertence, or lack of knowledge by any person exempted from paying real property taxes or a portion thereof pursuant to RCW 84.36.381 through 84.36.389, as now or hereafter amended;
- ~~((8))~~ (h) Paid as a result of mistake, inadvertence, or lack of knowledge by either a public official or employee or by any person with respect to real property in which the person paying the same has no legal interest;
- ~~((9))~~ (i) Paid on the basis of an assessed valuation which was appealed to the county board of equalization and ordered reduced by the board;
- ~~((10))~~ (j) Paid on the basis of an assessed valuation which was appealed to the state board of tax appeals and ordered reduced by the board: PROVIDED, That the amount refunded under (i) and (j) of this subsection ~~((s (9) and (10) of this section shall))~~ may only be for the difference between the tax paid on the basis of the appealed valuation and the tax payable on the valuation adjusted in accordance with the board's order;

~~((11))~~ (k) Paid as a state property tax levied upon property, the assessed value of which has been established by the state board of tax appeals for the year of such levy: PROVIDED, HOWEVER, That the amount refunded ~~((shall))~~ may only be for the difference between the state property tax paid and the amount of state property tax which would, when added to all other property taxes within the one percent limitation of Article VII,

section 2 of the state Constitution equal one percent of the assessed value established by the board;

~~((12))~~ (l) Paid on the basis of an assessed valuation which was adjudicated to be unlawful or excessive: PROVIDED, That the amount refunded ~~((shall be))~~ is for the difference between the amount of tax which was paid on the basis of the valuation adjudged unlawful or excessive and the amount of tax payable on the basis of the assessed valuation determined as a result of the proceeding;

~~((13))~~ (m) Paid on property acquired under RCW 84.60.050, and canceled under RCW 84.60.050(2);

~~((14))~~ (n) Paid on the basis of an assessed valuation that was reduced under RCW 84.48.065;

~~((15))~~ (o) Paid on the basis of an assessed valuation that was reduced under RCW 84.40.039; or

~~((16))~~ (p) Abated under RCW 84.70.010.

(2) No refunds under the provisions of this section ~~((shall))~~ may be made because of any error in determining the valuation of property, except as authorized in subsection ~~((s (9), (10), (11), and (12))~~ (1) (i) through (l) of this section nor may any refunds be made if a bona fide purchaser has acquired rights that would preclude the assessment and collection of the refunded tax from the property that should properly have been charged with the tax. Any refunds made on delinquent taxes must include the proportionate amount of interest and penalties paid. However, no refunds as a result of an incorrect payment authorized under subsection ~~((8))~~ (1)(h) of this section made by a third party payee ~~((shall))~~ may be granted. The county treasurer may deduct from moneys collected for the benefit of the state's levies, refunds of the state's levies including interest on the levies as provided by this section and chapter 84.68 RCW.

(3) The county treasurer of each county must make all refunds determined to be authorized by this section, and by the first Monday in February of each year, report to the county legislative authority a list of all refunds made under this section during the previous year. The list is to include the name of the person receiving the refund, the amount of the refund, and the reason for the refund.

**NEW SECTION. Sec. 25.** Sections 21 through 24 of this act take effect January 1, 2022, if the proposed amendment to Article VII of the state Constitution (Senate Joint Resolution No. . . . (S-0947/21)), providing for a homestead exemption, is validly submitted to and is approved and ratified by the voters at the next general election.

**NEW SECTION. Sec. 26.** The secretary of state shall submit this act to the people for their adoption and ratification, or rejection, at the next general election to be held in this state, in accordance with Article II, section 1 of the state Constitution and the laws adopted to facilitate its operation."

On page 1, line 1 of the title, after "Relating to" strike the remainder of the title and insert "a carbon pollution tax to provide tax relief and mitigate climate risk; amending RCW 82.08.0206, 82.04.240, 82.04.2404, 82.04.260, 82.04.2909, 82.04.294, 82.04.280, 82.32.790, 84.48.010, and 84.69.020; adding a new section to chapter 84.36 RCW; adding a new section to chapter 84.52 RCW; adding a new chapter to Title 82 RCW; creating new sections; repealing 2017 3rd sp.s. c 37 s 518, 2017 c 135 s 9, 2010 c 114 s 104, and 2003 c 149 s 3; providing an effective date; providing a contingent effective date; and providing for submission of this act to a vote of the people."

Senator Wagoner spoke in favor of adoption of the striking amendment.

WITHDRAWAL OF AMENDMENT

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On motion of Senator Wagoner and without objection, striking floor amendment no. 673 by Senator Wagoner to Second Substitute Senate Bill No. 5126 was withdrawn.

## MOTION

On motion of Senator Carlyle, the rules were suspended, Engrossed Second Substitute Senate Bill No. 5126 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

## MOTION

At 6:58 p.m., on motion of Senator Liias, the Senate was declared to be at ease subject to the call of the President.

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The Senate was called to order at 7:42 p.m. by President Heck.

The Senate resumed consideration of Engrossed Second Substitute Senate Bill No. 5126.

## THIRD READING

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5126, by Senate Committee on Ways & Means (originally sponsored by Carlyle, Saldaña, Conway, Das, Frockt, Hunt, Liias, Nguyen, Pedersen, Salomon, Stanford, and Wilson, C.)

Concerning the Washington climate commitment act.

Senators Carlyle and Nobles spoke in favor of passage of the bill.

Senators Fortunato, Wilson, J., Warnick, Short, Muzzall, Dozier and Ericksen spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Second Substitute Senate Bill No. 5126.

## ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5126 and the bill passed the Senate by the following vote: Yeas, 25; Nays, 24; Absent, 0; Excused, 0.

Voting yea: Senators Billig, Carlyle, Cleveland, Conway, Darneille, Das, Dhingra, Frockt, Hobbs, Hunt, Keiser, Kuderer, Liias, Mullet, Nguyen, Nobles, Pedersen, Randall, Robinson, Rolfes, Saldaña, Salomon, Stanford, Wellman and Wilson, C.

Voting nay: Senators Braun, Brown, Dozier, Ericksen, Fortunato, Gildon, Hasegawa, Hawkins, Holy, Honeyford, King, Lovelett, McCune, Muzzall, Padden, Rivers, Schoesler, Sheldon, Short, Van De Wege, Wagoner, Warnick, Wilson, J. and Wilson, L.

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5126, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1529, by House Committee on Transportation (originally sponsored by Barkis, Fey, Slatter and Eslick)

Modifying requirements in order to pay for debt service obligations when toll revenues are not sufficient to cover legal obligations.

The measure was read the second time.

## MOTION

On motion of Senator Hobbs, the rules were suspended, Engrossed Substitute House Bill No. 1529 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Hobbs and King spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 1529.

## ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 1529 and the bill passed the Senate by the following vote: Yeas, 45; Nays, 4; Absent, 0; Excused, 0.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Darneille, Das, Dhingra, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Hobbs, Holy, Hunt, Keiser, King, Kuderer, Liias, Lovelett, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Robinson, Rolfes, Saldaña, Salomon, Sheldon, Short, Stanford, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Dozier, Ericksen, Honeyford and Schoesler

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1529, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## SECOND READING

SUBSTITUTE HOUSE BILL NO. 1379, by House Committee on Transportation (originally sponsored by Lovick, Boehnke, Sutherland, Ryu and Dent)

Establishing an unpiloted aircraft system state coordinator and program funding source.

The measure was read the second time.

## MOTION

Senator Hobbs moved that the following committee striking amendment by the Committee on Transportation be adopted:

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** A new section is added to chapter 47.68 RCW to read as follows:

(1) Within amounts collected from commercial unpiloted aircraft registration fees pursuant to RCW 47.68.250(1), the aviation division director (also known as the senior state aviation official) or the aviation division director's designee shall act as the unpiloted aircraft system coordinator. The unpiloted aircraft system coordinator serves primarily in an advisory role and is not authorized to direct unpiloted aircraft system operations, training, or policy outside the department. The duties of the unpiloted

aircraft system coordinator include:

(a) Assisting with unpiloted aircraft system training and continuing education for state agencies;

(b) Coordinating with local governments on state and federal unpiloted aircraft system policies and regulations;

(c) Acting as a state level coordinator for unpiloted aircraft system operations during a governor declaration of emergency pursuant to RCW 43.06.210;

(d) Coordinating with the federal aviation administration and state agencies on unpiloted aircraft system trends;

(e) Identifying and disseminating information on unpiloted aircraft system training sites;

(f) Establishing and maintaining an unpiloted aircraft system coordination website for state and local governments;

(g) Assisting with the advancement of unpiloted aircraft systems across the state in coordination with the department of commerce, the aerospace industry, and the commercial unmanned aircraft systems industry;

(h) Acting as the principal advisor to the secretary on unpiloted aircraft system matters;

(i) Undertaking other unpiloted aircraft system coordination duties that are deemed appropriate by the aviation division director and the unpiloted aircraft system coordinator including, but not limited to, overseeing unpiloted aircraft system symposiums or other events for state agencies and other stakeholder groups.

(2) The department may adopt rules to implement this section.

(3) By December 1, 2022, the department shall provide a report to the transportation committees of the legislature and the department of commerce that provides details on the specific activities, accomplishments, and opportunities undertaken by the unpiloted aircraft system coordinator as to each of the duties provided in this section. The report must also be shared with interested aviation and aerospace industry stakeholders. The report shall include:

(a) Information on the specific activities, accomplishments, and opportunities taken by the aviation division director or the director's designee in their role as the unpiloted aircraft system coordinator;

(b) A statement on the justification and need for the aviation division director or the director's designee to continue to perform the specific activities of the unpiloted aircraft system coordinator; and

(c) Recommendations on any changes to the scope of the work and duties of the unpiloted aircraft system coordinator. This shall include recommendations on the reassignment of duties of the unpiloted aircraft system coordinator to the department's aviation division and recommendations on the termination of the unpiloted aircraft system coordinator position.

**Sec. 2.** RCW 47.68.250 and 2020 c 304 s 3 are each amended to read as follows:

(1) Every aircraft, inclusive of commercial unpiloted aircraft systems, must be registered with the department for each calendar year in which the aircraft is operated or is based within this state. A fee of fifteen dollars is charged for each such registration and each annual renewal thereof.

(2) The department must review the fee schedule based on the number of unpiloted aircraft systems registered under any single entity. Consideration should be given to the cost to administer the program and the number of commercial aircraft registered in the state. The department shall collaborate with the department of commerce, the department of revenue, and industry representatives in determining any recommendations to revise the initial fee. The report is due to the transportation committees of the legislature by December 1, 2022.

(3) Possession of the appropriate effective federal certificate,

permit, rating, or license relating to ownership and airworthiness of the aircraft, and payment of the excise tax imposed by Title 82 RCW for the privilege of using the aircraft within this state during the year for which the registration is sought, and payment of the registration fee required by this section are the only requisites for registration of an aircraft under this section.

~~((3))~~ (4) The registration fee imposed by this section is payable to and collected by the secretary. The fee for any calendar year must be paid during the month of January, and collected by the secretary at the time of the collection by him or her of the excise tax. If the secretary is satisfied that the requirements for registration of the aircraft have been met, he or she must issue to the owner of the aircraft a certificate of registration therefor. The secretary must pay to the state treasurer the registration fees collected under this section, which registration fees must be credited to the aeronautics account.

~~((4))~~ (5) It is not necessary for the registrant to provide the secretary with originals or copies of federal certificates, permits, ratings, or licenses. The secretary must issue certificates of registration, or such other evidences of registration or payment of fees as he or she may deem proper; and in connection therewith may prescribe requirements for the possession and exhibition of such certificates or other evidences.

~~((5))~~ (6) The provisions of this section do not apply to:

(a) An aircraft owned by and used exclusively in the service of any government or any political subdivision thereof, including the government of the United States, any state, territory, or possession of the United States, or the District of Columbia, which is not engaged in carrying persons or property for commercial purposes;

(b) An aircraft registered under the laws of a foreign country;

(c) An aircraft that is owned by a nonresident if:

(i) The aircraft remains in this state or is based in this state, or both, for a period less than ninety days; or

(ii) The aircraft is a large private airplane as defined in RCW 82.08.215 and remains in this state for a period of ninety days or longer, but only when:

(A) The airplane is in this state exclusively for the purpose of repairs, alterations, or reconstruction, including any flight testing related to the repairs, alterations, or reconstruction, or for the purpose of continual storage of not less than one full calendar year;

(B) An employee of the facility providing these services is on board the airplane during any flight testing; and

(C) Within ninety days of the date the airplane first arrived in this state during the calendar year, the nonresident files a written statement with the department indicating that the airplane is exempt from registration under this subsection ~~((5))~~ (6)(c)(ii). The written statement must be filed in a form and manner prescribed by the department and must include such information as the department requires. The department may require additional periodic verification that the airplane remains exempt from registration under this subsection ~~((5))~~ (6)(c)(ii) and that written statements conform with the provisions of chapter 5.50 RCW;

(d) ~~((A))~~ A piloted aircraft engaged principally in commercial flying constituting an act of interstate or foreign commerce;

(e) An aircraft owned by the commercial manufacturer thereof while being operated for test or experimental purposes, or for the purpose of training crews for purchasers of the aircraft;

(f) An aircraft being held for sale, exchange, delivery, test, or demonstration purposes solely as stock in trade of an aircraft dealer licensed under Title 14 RCW; ~~((and))~~

(g) An aircraft based within the state that is in an unairworthy condition, is not operated within the registration period, and has obtained a written exemption issued by the secretary; and

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(h) Unpiloted aircraft systems used exclusively for hobby or recreation.

~~((6))~~ (7) The secretary must be notified within thirty days of any change in ownership of a registered aircraft. The notification must contain the N, NC, NR, NL, or NX number of the aircraft, the full name and address of the former owner, and the full name and address of the new owner. For failure to so notify the secretary, the registration of that aircraft may be canceled by the secretary, subject to reinstatement upon application and payment of a reinstatement fee of ten dollars by the new owner.

~~((7))~~ (8) A municipality or port district that owns, operates, or leases an airport, as defined in RCW 47.68.020, with the intent to operate, must require from an aircraft owner proof of aircraft registration as a condition of leasing or selling tiedown or hangar space for an aircraft. It is the responsibility of the lessee or purchaser to register the aircraft. Proof of registration must be provided according to the following schedule:

(a) For the purchase of tiedown or hangar space, the municipality or port district must allow the purchaser thirty days from the date of the application for purchase to produce proof of aircraft registration.

(b) For the lease of tiedown or hangar space that extends thirty days or more, the municipality or port district must allow the lessee thirty days to produce proof of aircraft registration from the date of the application for lease of tiedown or hangar space.

(c) For the lease of tiedown or hangar space that extends less than thirty days, the municipality or port district must allow the lessee to produce proof of aircraft registration at any point prior to the final day of the lease.

~~((8))~~ (9) The airport must work with the aviation division to assist in its efforts to register aircraft by providing information about based aircraft on an annual basis as requested by the division.

(10) The department may adopt rules to implement this section.

**Sec. 3.** RCW 47.68.250 and 2019 c 232 s 23 are each amended to read as follows:

(1) Every aircraft, inclusive of commercial unpiloted aircraft systems, must be registered with the department for each calendar year in which the aircraft is operated or is based within this state. A fee of fifteen dollars is charged for each such registration and each annual renewal thereof.

(2) The department must review the fee schedule based on the number of unpiloted aircraft systems registered under any single entity. Consideration should be given to the cost to administer the program and the number of commercial aircraft registered in the state. The department shall collaborate with the department of commerce, the department of revenue, and industry representatives in determining any recommendations to revise the initial fee. The report is due to the transportation committees of the legislature by December 1, 2022.

(3) Possession of the appropriate effective federal certificate, permit, rating, or license relating to ownership and airworthiness of the aircraft, and payment of the excise tax imposed by Title 82 RCW for the privilege of using the aircraft within this state during the year for which the registration is sought, and payment of the registration fee required by this section are the only requisites for registration of an aircraft under this section.

~~((3))~~ (4) The registration fee imposed by this section is payable to and collected by the secretary. The fee for any calendar year must be paid during the month of January, and must be collected by the secretary at the time of the collection by him or her of the excise tax. If the secretary is satisfied that the requirements for registration of the aircraft have been met, he or she must issue to the owner of the aircraft a certificate of registration therefor. The secretary must pay to the state treasurer

the registration fees collected under this section, which registration fees must be credited to the aeronautics account.

~~((4))~~ (5) It is not necessary for the registrant to provide the secretary with originals or copies of federal certificates, permits, ratings, or licenses. The secretary must issue certificates of registration, or such other evidences of registration or payment of fees as he or she may deem proper; and in connection therewith may prescribe requirements for the possession and exhibition of such certificates or other evidences.

~~((5))~~ (6) The provisions of this section do not apply to:

(a) An aircraft owned by and used exclusively in the service of any government or any political subdivision thereof, including the government of the United States, any state, territory, or possession of the United States, or the District of Columbia, which is not engaged in carrying persons or property for commercial purposes;

(b) An aircraft registered under the laws of a foreign country;

(c) An aircraft that is owned by a nonresident if:

(i) The aircraft remains in this state or is based in this state, or both, for a period less than ninety days; or

(ii) The aircraft is a large private airplane as defined in RCW 82.08.215 and remains in this state for a period of ninety days or longer, but only when:

(A) The airplane is in this state exclusively for the purpose of repairs, alterations, or reconstruction, including any flight testing related to the repairs, alterations, or reconstruction, or for the purpose of continual storage of not less than one full calendar year;

(B) An employee of the facility providing these services is on board the airplane during any flight testing; and

(C) Within ninety days of the date the airplane first arrived in this state during the calendar year, the nonresident files a written statement with the department indicating that the airplane is exempt from registration under this subsection ~~((5))~~ (6)(c)(ii). The written statement must be filed in a form and manner prescribed by the department and must include such information as the department requires. The department may require additional periodic verification that the airplane remains exempt from registration under this subsection ~~((5))~~ (6)(c)(ii) and that written statements conform with the provisions of chapter 5.50 RCW;

(d) ~~((A))~~ A piloted aircraft engaged principally in commercial flying constituting an act of interstate or foreign commerce;

(e) An aircraft owned by the commercial manufacturer thereof while being operated for test or experimental purposes, or for the purpose of training crews for purchasers of the aircraft;

(f) An aircraft being held for sale, exchange, delivery, test, or demonstration purposes solely as stock in trade of an aircraft dealer licensed under Title 14 RCW; ~~((and))~~

(g) An aircraft based within the state that is in an unairworthy condition, is not operated within the registration period, and has obtained a written exemption issued by the secretary; and

(h) Unpiloted aircraft systems used exclusively for hobby or recreation.

~~((6))~~ (7) The secretary must be notified within thirty days of any change in ownership of a registered aircraft. The notification must contain the N, NC, NR, NL, or NX number of the aircraft, the full name and address of the former owner, and the full name and address of the new owner. For failure to so notify the secretary, the registration of that aircraft may be canceled by the secretary, subject to reinstatement upon application and payment of a reinstatement fee of ten dollars by the new owner.

~~((7))~~ (8) A municipality or port district that owns, operates, or leases an airport, as defined in RCW 47.68.020, with the intent to operate, must require from an aircraft owner proof of aircraft

registration as a condition of leasing or selling tiedown or hangar space for an aircraft. It is the responsibility of the lessee or purchaser to register the aircraft. Proof of registration must be provided according to the following schedule:

(a) For the purchase of tiedown or hangar space, the municipality or port district must allow the purchaser thirty days from the date of the application for purchase to produce proof of aircraft registration.

(b) For the lease of tiedown or hangar space that extends thirty days or more, the municipality or port district must allow the lessee thirty days to produce proof of aircraft registration from the date of the application for lease of tiedown or hangar space.

(c) For the lease of tiedown or hangar space that extends less than thirty days, the municipality or port district must allow the lessee to produce proof of aircraft registration at any point prior to the final day of the lease.

~~((8))~~ (9) The airport must work with the aviation division to assist in its efforts to register aircraft by providing information about based aircraft on an annual basis as requested by the division.

(10) The department may adopt rules to implement this section.  
**Sec. 4.** RCW 47.68.020 and 1993 c 208 s 4 are each amended to read as follows:

As used in this chapter, unless the context clearly indicates otherwise:

(1) "Aeronautics" means the science and art of flight and including, but not limited to, transportation by aircraft; the operation, construction, repair, or maintenance of aircraft, aircraft power plants and accessories, including the repair, packing, and maintenance of parachutes; the design, establishment, construction, extension, operation, improvement, repair, or maintenance of airports or air navigation facilities; and instruction in flying or ground subjects pertaining thereto.

(2) "Aircraft" means ~~(any)~~ a piloted or unmanned contrivance now known, or hereafter invented, used or designed for navigation of or flight in the air.

(3) "Airport" means any area of land or water which is used, or intended for use, for the landing and take-off of aircraft, and any appurtenant areas which are used, or intended for use, for airport buildings or other airport facilities or right-of-way, together with all airport buildings and facilities located thereon.

(4) "Department" means the state department of transportation.

(5) "Secretary" means the state secretary of transportation.

(6) "State" or "this state" means the state of Washington.

(7) "Air navigation facility" means any facility, other than one owned or operated by the United States, used in, available for use in, or designed for use in aid of air navigation, including any structures, mechanisms, lights, beacons, markers, communicating systems, or other instrumentalities or devices used or useful as an aid, or constituting an advantage or convenience, to the safe taking-off, navigation, and landing of aircraft, or the safe and efficient operation or maintenance of an airport, and any combination of any or all of such facilities.

(8) "Operation of aircraft" or "operate aircraft" means the use, navigation, or piloting of aircraft in the airspace over this state or upon any airport within this state.

(9) "Airman or airwoman" means any individual who engages, as the person in command, or as pilot, mechanic, or member of the crew in the navigation of aircraft while under way, and any individual who is directly in charge of the inspection, maintenance, overhauling, or repair of aircraft engines, airframes, propellers, or appliances, and any individual who serves in the capacity of aircraft dispatcher or air-traffic control tower operator; but does not include any individual employed outside the United States, or any individual employed by a manufacturer of aircraft, aircraft engines, airframes, propellers, or appliances to

perform duties as inspector or mechanic in connection therewith, or any individual performing inspection or mechanical duties in connection with aircraft owned or operated by the person.

(10) "Aeronautics instructor" means any individual who for hire or reward engages in giving instruction or offering to give instruction in flying or ground subjects pertaining to aeronautics, but excludes any instructor in a public school, university, or institution of higher learning duly accredited and approved for carrying on collegiate work, who instructs in flying or ground subjects pertaining to aeronautics, while in the performance of his or her duties at such school, university, or institution.

(11) "Air school" means any person who advertises, represents, or holds out as giving or offering to give instruction in flying or ground subjects pertaining to aeronautics whether for or without hire or reward; but excludes any public school, university, or institution of higher learning duly accredited and approved for carrying on collegiate work.

(12) "Person" means any individual, firm, partnership, corporation, company, association, joint stock association, or body politic; and includes any trustee, receiver, assignee, or other similar representative thereof.

(13) "Municipal" means pertaining to a municipality, and "municipality" means any county, city, town, authority, district, or other political subdivision or public corporation of this state.

(14) "Airport hazard" means any structure, object of natural growth, or use of land, which obstructs the airspace required for the flight of aircraft in landing or taking off at an airport or is otherwise hazardous to such landing or taking off.

(15) "State airway" means a route in the navigable airspace over and above the lands or waters of this state, designated by the department as a route suitable for air navigation.

(16) "Aviation division" means the aeronautics division of the department.

(17) "Commercial" means an aircraft, piloted or unpiloted, not used exclusively for hobby or recreation.

(18) "Unpiloted aircraft system" means an aircraft operated without the possibility of direct human intervention from within or on the aircraft and is synonymous with the term "unmanned aircraft system". An unpiloted aircraft system must meet the same criteria and standards established by the federal aviation administration for an unmanned aircraft system.

NEW SECTION. Sec. 5. Section 2 of this act expires July 1, 2031.

NEW SECTION. Sec. 6. Section 3 of this act takes effect July 1, 2031.

NEW SECTION. Sec. 7. Except for section 3 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2021."

On page 1, line 2 of the title, after "source;" strike the remainder of the title and insert "amending RCW 47.68.250, 47.68.250, and 47.68.020; adding a new section to chapter 47.68 RCW; providing effective dates; providing an expiration date; and declaring an emergency."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Transportation to Substitute House Bill No. 1379.

The motion by Senator Hobbs carried and the committee striking amendment was adopted by voice vote.

#### MOTION

On motion of Senator Hobbs, the rules were suspended, Substitute House Bill No. 1379 was advanced to third reading, the second reading considered the third and the bill was placed on

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final passage.

Senators Hobbs and King spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1379.

## ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1379 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 1; Absent, 0; Excused, 0.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Darneille, Das, Dhingra, Dozier, Ericksen, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Hobbs, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Lias, Lovelett, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Robinson, Rolfes, Saldaña, Salomon, Sheldon, Short, Stanford, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senator Schoesler

SUBSTITUTE HOUSE BILL NO. 1379, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## SECOND READING

ENGROSSED HOUSE BILL NO. 1271, by Representatives Orwall, Goehner, Goodman, Thai, Fey, Pollet and Harris-Talley

Ensuring continuity of operations in the offices of county elected officials during the current COVID-19 pandemic and future public health crises.

The measure was read the second time.

## MOTION

On motion of Senator Hunt, the rules were suspended, Engrossed House Bill No. 1271 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Hunt and Wilson, J. spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed House Bill No. 1271.

## ROLL CALL

The Secretary called the roll on the final passage of Engrossed House Bill No. 1271 and the bill passed the Senate by the following vote: Yeas, 47; Nays, 2; Absent, 0; Excused, 0.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Darneille, Das, Dhingra, Dozier, Ericksen, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Hobbs, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Lias, Lovelett, McCune, Mullet, Muzzall, Nguyen, Nobles, Pedersen, Randall, Rivers, Robinson, Rolfes, Saldaña, Salomon, Sheldon, Short, Stanford, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Padden and Schoesler

ENGROSSED HOUSE BILL NO. 1271, having received the constitutional majority, was declared passed. There being no

objection, the title of the bill was ordered to stand as the title of the act.

## SECOND READING

HOUSE BILL NO. 1495, by Representatives Chapman, Robertson and Dent

Providing that qualified dealer cash incentives paid to auto dealers are bona fide discounts for purposes of the business and occupation tax.

The measure was read the second time.

## MOTION

On motion of Senator Lias, the rules were suspended, House Bill No. 1495 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Rolfes and King spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1495.

## ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1495 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 1; Absent, 0; Excused, 0.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Darneille, Das, Dhingra, Dozier, Ericksen, Fortunato, Gildon, Hasegawa, Hawkins, Hobbs, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Lias, Lovelett, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Robinson, Rolfes, Saldaña, Salomon, Schoesler, Sheldon, Short, Stanford, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senator Frockt

HOUSE BILL NO. 1495, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## SECOND READING

ENGROSSED THIRD SUBSTITUTE HOUSE BILL NO. 1091, by House Committee on Transportation (originally sponsored by Fitzgibbon, Slatter, Berry, Dolan, Bateman, Ramos, Simmons, Ramel, Senn, Peterson, Duerr, Ryu, Valdez, Callan, Kloba, Chopp, Ormsby, Frame, Macri, Pollet, Goodman and Bergquist)

Reducing greenhouse gas emissions by reducing the carbon intensity of transportation fuel.

The measure was read the second time.

## MOTION

Senator Carlyle moved that the following committee striking amendment by the Committee on Environment, Energy & Technology be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) The legislature finds that

rapid innovations in low carbon transportation technologies, including electric vehicles and clean transportation fuels, are at the threshold of widespread commercial deployment. In order to help prompt the use of clean fuels, other states have successfully implemented programs that reduce the carbon intensity of their transportation fuels. California and Oregon have both implemented low carbon fuel standards that are similar to the program created in this act; after enacting their programs, neither state has experienced disruptions to fuel markets or significant impacts to the costs of transportation fuels, and both states have experienced biofuel sector growth and have successfully sited large biofuel projects that had originally been planned for Washington. Washington state has extensively studied the potential impact of a clean fuels program, and most projections show that a low carbon fuel standard would decrease greenhouse gas and conventional air pollutant emissions, while positively impacting the state's economy.

(2) The legislature further finds that the health and welfare of the people of the state of Washington is threatened by the prospect of crumbling or swamped coastlines, rising water, and more intense forest fires caused by higher temperatures and related droughts, all of which are intensified and made more frequent by the volume of greenhouse gas emissions. As of 2017, the transportation sector contributes 45 percent of Washington's greenhouse gas emissions, and the legislature's interest in the life cycle of the fuels used in the state arises from a concern for the effects of the production and use of these fuels on Washington's environment and public health, including its air quality, snowpack, and coastline.

(3) Therefore, it is the intent of the legislature to support the deployment of clean transportation fuel technologies through a carefully designed program that reduces the carbon intensity of fuel used in Washington, in order to:

(a) Reduce levels of conventional air pollutants from diesel and gasoline that are harmful to public health;

(b) Reduce greenhouse gas emissions associated with transportation fuels, which are the state's largest source of greenhouse gas emissions; and

(c) Create jobs and spur economic development based on innovative clean fuel technologies.

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

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

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

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

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

(5) "Credit" means a unit of measure generated when a transportation fuel with a carbon intensity that is less than the applicable standard adopted by the department under section 3 of this act is produced, imported, or dispensed for use in Washington, such that one credit is equal to one metric ton of carbon dioxide equivalents.

(6) "Deficit" means a unit of measure generated when a transportation fuel with a carbon intensity that is greater than the applicable standard adopted by the department under section 3 of this act is produced, imported, or dispensed for use in Washington, such that one deficit is equal to one metric ton of carbon dioxide equivalents.

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

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

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

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

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

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

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

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

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

**NEW SECTION. Sec. 3.** (1) The department shall adopt rules that establish standards that reduce carbon intensity in transportation fuels used in Washington. The standards established by the rules must be based on the carbon intensity of gasoline and gasoline substitutes and the carbon intensity of diesel and diesel substitutes. The standards:

(a) Must reduce the overall, aggregate carbon intensity of transportation fuels used in Washington;

(b) May only require carbon intensity reductions at the aggregate level of all transportation fuels and may not require a reduction in carbon intensity to be achieved by any individual type of transportation fuel;

(c) Must assign a compliance obligation to fuels whose carbon intensity exceeds the standards adopted by the department, consistent with the requirements of section 4 of this act; and

(d) Must assign credits that can be used to satisfy or offset compliance obligations to fuels whose carbon intensity is below the standards adopted by the department and that elect to participate in the program, consistent with the requirements of section 4 of this act.

(2)(a) The rules adopted under this section must reduce the greenhouse gas emissions attributable to each unit of the fuels to 10 percent below 2017 levels by 2028 and 20 percent below 2017 levels by 2035.

(b) The rules must establish a start date for the clean fuels program of no later than January 1, 2023.

(c) By December 31, 2031, the department must adopt updated rules that reduce the greenhouse gas emissions attributable to each unit of transportation fuels applicable to each year through 2050. The department must adopt rules that set the greenhouse gas emissions attributable to each unit of transportation fuel in the year 2050 so that total emissions from transportation sources in 2050 are consistent with the state achieving the emissions limits established in RCW 70A.45.020.

(3) Transportation fuels exported from Washington are not subject to the greenhouse gas emissions reduction requirements in this section.

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(4) To the extent the requirements of this chapter conflict with the requirements of chapter 19.112 RCW, the requirements of this chapter prevail.

**NEW SECTION. Sec. 4.** The rules adopted by the department to achieve the greenhouse gas emissions reductions per unit of fuel energy specified in section 3 of this act must include, but are not limited to, the following:

(1) Standards for greenhouse gas emissions attributable to the transportation fuels throughout their life cycles, including but not limited to emissions from the production, storage, transportation, and combustion of transportation fuels and from changes in land use associated with transportation fuels and any permanent greenhouse gas sequestration activities.

(a) The rules adopted by the department under this subsection (1) may:

(i) Include provisions to address the efficiency of a fuel as used in a powertrain as compared to a reference fuel;

(ii) Consider carbon intensity calculations for transportation fuels developed by national laboratories or used by similar programs in other states; and

(iii) Consider changes in land use and any permanent greenhouse gas sequestration activities associated with the production of any type of transportation fuel.

(b) The rules adopted by the department under this subsection (1) must:

(i) Neutrally consider the life-cycle emissions associated with transportation fuels with respect to the political jurisdiction in which the fuels originated and may not discriminate against fuels on the basis of having originated in another state or jurisdiction. Nothing in this subsection may be construed to prohibit inclusion or assessment of emissions related to fuel production, storage, transportation, or combustion or associated changes in land use in determining the carbon intensity of a fuel;

(ii) Measure greenhouse gas emissions associated with electricity and hydrogen based on a mix of generation resources specific to each electric utility participating in the clean fuels program. The department may apply an asset-controlling supplier emission factor certified or approved by a similar program to reduce the greenhouse gas emissions associated with transportation fuels in another state;

(iii) Include mechanisms for certifying electricity that has a carbon intensity of zero. This electricity must include, at minimum, electricity:

(A) For which a renewable energy credit or other environmental attribute has been retired or used; and

(B) Produced using a zero emission resource including, but not limited to, solar, wind, geothermal, or the industrial combustion of biomass consistent with RCW 70A.45.020(3), that is directly supplied as a transportation fuel by the generator of the electricity to a metered customer for electric vehicle charging or refueling;

(iv) Allow the generation of credits associated with electricity with a carbon intensity lower than that of standard adopted by the department. The department may not require electricity to have a carbon intensity of zero in order to be eligible to generate credits from use as a transportation fuel; and

(v) Include procedures for setting and adjusting the amounts of greenhouse gas emissions per unit of fuel energy that is assigned to transportation fuels under this subsection.

(c) If the department determines that it is necessary for purposes of accurately measuring greenhouse gas emissions associated with transportation fuels, the department may require transportation fuel suppliers to submit data or information to be used for purposes of calculating greenhouse gas emissions that is different from or additional to the greenhouse gas emissions data reported under RCW 70A.15.2200(5)(a)(iii).

(d) If the department determines that it is necessary for purposes of accurately measuring greenhouse gas emissions associated with electricity supplied to retail customers or hydrogen production facilities by an electric utility, the department may require electric utilities participating in the clean fuels program to submit data or information to be used for purposes of calculating greenhouse gas emissions that is different from or additional to the fuel mix disclosure information submitted under chapter 19.29A RCW. To the extent practicable, rules adopted by the department may allow data requested of utilities to be submitted in a form and manner consistent with other required state or federal data submissions;

(2) Provisions allowing for the achievement of limits on the greenhouse gas emissions intensity of transportation fuels in section 3 of this act to be achieved by any combination of credit generating activities capable of meeting such standards. Where such provisions would not produce results counter to the emission reduction goals of the program or prove administratively burdensome for the department, the rules should provide each participant in the clean fuels program with the opportunity to demonstrate appropriate carbon intensity values taking into account both emissions from production facilities and elsewhere in the production cycle, including changes in land use and permanent greenhouse gas sequestration activities;

(3)(a) Methods for assigning compliance obligations and methods for tracking tradable credits. The department may assign the generation of a credit when a fuel with associated life-cycle greenhouse gas emissions that are lower than the applicable per-unit standard adopted by the department under section 3 of this act is produced, imported, or dispensed for use in Washington, or when specified activities are undertaken that support the reduction of greenhouse gas emissions associated with transportation in Washington;

(b) Mechanisms that allow credits to be traded and to be banked for future compliance periods; and

(c) Procedures for verifying the validity of credits and deficits generated under the clean fuels program;

(4) Mechanisms to elect to participate in the clean fuels program for persons associated with the supply chains of transportation fuels that are eligible to generate credits consistent with subsection (3) of this section, including producers, importers, distributors, users, or retailers of such fuels, and electric vehicle manufacturers;

(5) Mechanisms for persons associated with the supply chains of transportation fuels that are used for purposes that are exempt from the clean fuels program compliance obligations including, but not limited to, fuels used by aircraft, vessels, railroad locomotives, and other exempt fuels specified in section 5 of this act, to elect to participate in the clean fuels program by earning credits for the production, import, distribution, use, or retail of exempt fuels with associated life-cycle greenhouse gas emissions lower than the per-unit standard established in section 3 of this act;

(6) Mechanisms that allow for the assignment of credits to an electric utility for electricity used within its utility service area, at minimum, for residential electric vehicle charging or fueling;

(7) Cost containment mechanisms.

(a) Cost containment mechanisms may include, but are not limited to:

(i) A credit clearance market designed to make credits available for sale to regulated persons after the conclusion of a compliance period at a department-determined price;

(ii) Similar procedures that provide a means of compliance with the clean fuels program requirements in the event that a regulated person has not been able to acquire sufficient volumes

of credits at the end of a compliance period; or

(iii) Similar procedures that ensure that credit prices do not significantly exceed credit prices in other jurisdictions that have adopted similar programs to reduce the carbon intensity of transportation fuels.

(b) Any cost containment mechanisms must be designed to provide financial disincentive for regulated persons to rely on the cost containment mechanism for purposes of program compliance instead of seeking to generate or acquire sufficient credits under the program.

(c) The department shall harmonize the program's cost containment mechanisms with the cost containment rules in the states specified in section 7(1) of this act.

(d) The department shall consider mechanisms such as the establishment of a credit price cap or other alternative cost containment measures if deemed necessary to harmonize market credit costs with those in the states specified in section 7(1) of this act;

(8) Authority for the department to designate an entity to aggregate and use unclaimed credits associated with persons that elect not to participate in the clean fuels program under subsection (4) of this section.

**NEW SECTION. Sec. 5.** (1) The rules adopted under sections 3 and 4 of this act must include exemptions for, at minimum, the following transportation fuels:

(a) Fuels used in volumes below thresholds adopted by the department;

(b) Fuels used for the propulsion of all aircraft, vessels, and railroad locomotives; and

(c) Fuels used for the operation of military tactical vehicles and tactical support equipment.

(2)(a) The rules adopted under sections 3 and 4 of this act must exempt the following transportation fuels from greenhouse gas emission intensity reduction requirements until January 1, 2028:

(i) Special fuel used off-road in vehicles used primarily to transport logs;

(ii) Dyed special fuel used in vehicles that are not designed primarily to transport persons or property, that are not designed to be primarily operated on highways, and that are used primarily for construction work including, but not limited to, mining and timber harvest operations; and

(iii) Dyed special fuel used for agricultural purposes exempt from chapter 82.38 RCW.

(b) Prior to January 1, 2028, fuels identified in this subsection (2) are eligible to generate credits, consistent with subsection (5) of this section. Beginning January 1, 2028, the fuels identified in this subsection (2) are subject to the greenhouse gas emission intensity reduction requirements applicable to transportation fuels specified in section 3 of this act.

(3) The department may adopt rules to specify the standards for persons to qualify for the exemptions provided in this section. The department may implement the exemptions under subsection (2) of this section to align with the implementation of exemptions for similar fuels exempt from chapter 82.38 RCW.

(4) The rules adopted under sections 3 and 4 of this act may include exemptions in addition to those described in subsections (1) and (2) of this section, but only if such exemptions are necessary, with respect to the relationship between the program and similar greenhouse gas emissions requirements or low carbon fuel standards, in order to avoid:

(a) Mismatched incentives across programs;

(b) Fuel shifting between markets; or

(c) Other results that are counter to the intent of this chapter.

(5) Nothing in this chapter precludes the department from adopting rules under sections 3 and 4 of this act that allow the generation of credits associated with electric or alternative

transportation infrastructure that existed prior to the effective date of this section or to the start date of program requirements. The department must apply the same baseline years to credits associated with electric or alternative transportation infrastructure that apply to gasoline and diesel liquid fuels in any market-based program enacted by the legislature that establishes a cap on greenhouse gas emissions.

**NEW SECTION. Sec. 6.** (1) The rules adopted under sections 3 and 4 of this act may allow the generation of credits from activities that support the reduction of greenhouse gas emissions associated with transportation in Washington, including but not limited to:

(a) Carbon capture and sequestration projects, including but not limited to:

(i) Innovative crude oil production projects that include carbon capture and sequestration;

(ii) Project-based refinery greenhouse gas mitigation including, but not limited to, process improvements, renewable hydrogen use, and carbon capture and sequestration; or

(iii) Direct air capture projects;

(b) Investments and activities that support deployment of machinery and equipment used to produce gaseous and liquid fuels from nonfossil feedstocks, and derivatives thereof;

(c) Infrastructure investments in broadband access associated with facilitating remote work and therefore reducing transportation emissions, consistent with the 2021 state energy strategy recommendation. The department may establish a metric for the allocation of credits per foot of installed broadband infrastructure that varies by technology type including, but not limited to, cable, digital subscriber line, and fiber broadband;

(d) The fueling of battery or fuel cell electric vehicles by a commercial, nonprofit, or public entity that is not an electric utility, which may include, but is not limited to, the fueling of vehicles using electricity certified by the department to have a carbon intensity of zero; and

(e) The use of smart vehicle charging technology that results in the fueling of an electric vehicle during times when the carbon intensity of grid electricity is comparatively low.

(2)(a) The rules adopted under sections 3 and 4 of this act must allow the generation of credits based on capacity for zero emission vehicle refueling infrastructure, including DC fast charging infrastructure and hydrogen refueling infrastructure.

(b) The rules adopted under sections 3 and 4 of this act may allow the generation of credits from the provision of low carbon fuel infrastructure not specified in (a) of this subsection.

(3) The rules adopted by the department may establish limits for the number of credits that may be earned each year by persons participating in the program for some or all of the activities specified in subsections (1) and (2) of this section. Any limits established under this subsection must take into consideration the return on investment required in order for an activity specified in subsection (2) of this section to be financially viable.

**NEW SECTION. Sec. 7.** (1) Except where otherwise provided in this chapter, the department shall seek to adopt rules that are harmonized with the regulatory standards, exemptions, reporting obligations, and other clean fuels program compliance requirements and methods for credit generation of other states that:

(a) Have adopted low carbon fuel standards or similar greenhouse gas emissions requirements applicable specifically to transportation fuels; and

(b)(i) Supply, or have the potential to supply, significant quantities of transportation fuel to Washington markets; or

(ii) To which Washington supplies, or has the potential to supply, significant quantities of transportation fuel.

(2) The department must establish and periodically consult a

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stakeholder advisory panel, including representatives of forestland and agricultural landowners, for purposes of soliciting input on how to best incentivize and allot credits for the sequestration of greenhouse gases through activities on agricultural and forestlands in a manner that is consistent with the goals and requirements of this chapter.

(3) The department must conduct a biennial review of innovative technologies and pathways that reduce carbon and increase credit generation opportunities and must modify rules or guidance as needed to maintain stable credit markets.

(4) In any reports to the legislature under section 10 of this act, on the department's website, or in other public documents or communications that refer to assumed public health benefits associated with the program created in this chapter, the department must distinguish between public health benefits from small particulate matter and other conventional pollutant reductions achieved primarily as a result of vehicle emission standards established under chapter 70A.30 RCW, and the incremental benefits to air pollution attributable to the program created under this chapter.

**NEW SECTION. Sec. 8.** (1)(a) Each producer or importer of any amount of a transportation fuel that is ineligible to generate credits consistent with the requirements of section 4(3) of this act must register with the department.

(b) Electric vehicle manufacturers and producers, importers, distributors, users, and retailers of transportation fuels that are eligible to generate credits consistent with section 4(3) of this act must register with the department if they elect to participate in the clean fuels program.

(c) Other persons must register with the department to generate credits from other activities that support the reduction of greenhouse gas emissions associated with transportation in Washington.

(2) Each transaction transferring ownership of transportation fuels for which clean fuels program participation is mandated must be accompanied by documentation, in a format approved by the department, that assigns the clean fuels program compliance responsibility associated with the fuels, including the assignment of associated credits. The department may also require documentation assigning clean fuels program compliance responsibility associated with fuels for which program participation has been elected.

(3) The department may adopt rules requiring the periodic reporting of information to the department by persons associated with the supply chains of transportation fuels participating in the clean fuels program. To the extent practicable, the rules must establish reporting procedures and timelines that are consistent with similar programs in other states that reduce the greenhouse gas emission intensity of transportation fuel and with procedures and timelines of state programs requiring similar information to be reported by regulated parties, including electric utilities.

(4) RCW 70A.15.2510 applies to records or information submitted to the department under this chapter.

**NEW SECTION. Sec. 9.** (1)(a) Fifty percent of the revenues generated by an electric utility from credits earned from the electricity supplied to retail customers by an electric utility under the clean fuels program must be expended by the electric utility on transportation electrification projects, which may include projects to support the production and provision of hydrogen and other gaseous fuels produced from nonfossil feedstocks, and derivatives thereof as a transportation fuel.

(b) Sixty percent of the revenues described in (a) of this subsection, or 30 percent of the revenues generated by an electric utility from credits earned from the electricity supplied to retail customers by an electric utility under the clean fuels program,

must be expended by the electric utility on transportation electrification projects, which may include projects to support the production and provision of hydrogen and other gaseous fuels produced from nonfossil feedstocks, and derivatives thereof as a transportation fuel, located within or directly benefiting a federally designated nonattainment or maintenance area, a federally designated nonattainment or maintenance area that existed as of January 1, 2021, a disproportionately impacted community identified by the department of health, or an area designated by the department as being at risk of nonattainment, if such a nonattainment or maintenance area or disproportionately impacted community is within the service area of the utility.

(2) For the 50 percent of revenues not subject to the requirements of subsection (1) of this section, the department, in consultation with the utilities and transportation commission, must adopt requirements for the expenditure of revenues from credits earned from the electricity supplied to retail customers by an electric utility under the clean fuels program. The department must provide for the establishment and funding of a statewide clean fuel reward program to provide light duty vehicle consumers with reasonable purchase incentives and require that at least some portion of the 50 percent of revenues subject to this subsection be contributed by each electric utility to such a program. The clean fuel reward program must provide a price reduction to vehicle purchasers or lessors at the time of purchase or lease on electric vehicle purchases or leases in Washington. Any requirements for the expenditure of revenues from credits earned from the electricity supplied to retail customers by an electric utility under the clean fuels program must be developed in consultation with electric utilities, automobile manufacturers, and car dealers.

(3) Electric utilities that participate in the clean fuels program must annually provide information to the department accounting for and briefly describing all expenditures of revenues generated from credits earned under the clean fuels program.

**NEW SECTION. Sec. 10.** (1) Beginning May 1, 2025, and each May 1st thereafter, the department must post a report on the department's website that includes the following information regarding the previous calendar year of clean fuels program activities:

(a) The program-wide number of credits and deficits generated by entities participating in the clean fuels program;

(b) The volumes of each transportation fuel and average price per credit used to comply with the requirements of the clean fuels program;

(c) The best estimate or range in probable costs or cost savings attributable to the clean fuels program per gallon of gasoline and per gallon of diesel, as determined by an independent consultant whose services the department has contracted. The estimate or range in probable costs or cost savings from the independent consultant must be announced in a press release to the news media at the time that the report under this subsection (1) is posted to the department's website, and must be simultaneously reported to the transportation committees of the house of representatives and the senate;

(d) The total greenhouse gas emissions reductions attributable to the clean fuels program; and

(e) The range in the probable cost per ton of greenhouse gas emissions reductions attributable to fuels supported by the clean fuels program, taking into account the information in (c) and (d) of this subsection.

(2) Nothing in this section prohibits the department from posting information described in subsection (1) of this section on a more frequent basis than once per year.

(3) By May 1, 2025, and each May 1st thereafter, the

department must submit the report required under subsection (1) of this section to the appropriate committees of the house of representatives and senate.

(4) The department must contract for a one-time ex ante independent analysis of the information specified in subsection (1)(c) of this section covering each year of the program through 2035. The analysis must be informed by input from stakeholders, including regulated industries, and informed by experience from other jurisdictions. The analysis must impute price impacts using multiple analytical methodologies and must make clear how the assumptions or factors considered differed in each methodology used and price impact imputed. The analysis required in this subsection must be completed and submitted to the appropriate committees of the legislature by July 1, 2022.

**NEW SECTION. Sec. 11.** (1) In consultation with the department, the utilities and transportation commission, and the department of agriculture, the department of commerce must develop a periodic fuel supply forecast to project the availability of fuels to Washington necessary for compliance with clean fuels program requirements.

(2) Based upon the estimates in subsection (3) of this section, the fuel supply forecast must include a prediction by the department of commerce regarding whether sufficient credits will be available to comply with clean fuels program requirements.

(3) The fuel supply forecast for each upcoming compliance period must include, but is not limited to, the following:

(a) An estimate of the potential volumes of gasoline, gasoline substitutes, and gasoline alternatives, and diesel, diesel substitutes, and diesel alternatives available to Washington. In developing this estimate, the department of commerce must consider, but is not limited to considering:

(i) The existing and future vehicle fleet in Washington; and

(ii) Any constraints that might be preventing access to available and cost-effective low carbon fuels by Washington, such as geographic and logistical factors, and alleviating factors to the constraints;

(b) An estimate of the total banked credits and carried over deficits held by regulated parties, credit generators, and credit aggregators at the beginning of the compliance period, and an estimate of the total credits attributable to fuels described in (a) of this subsection;

(c) An estimate of the number of credits needed to meet the applicable clean fuels program requirements during the forecasted compliance period; and

(d) A comparison in the estimates of (a) and (b) of this subsection with the estimate in (c) of this subsection, for the purpose of indicating the availability of fuels needed for compliance with the requirements of this chapter.

(4) The department of commerce, in coordination with the department, may appoint a forecast review team of relevant experts to participate in the fuel supply forecast or examination of data required by this section. The department of commerce must finalize a fuel supply forecast for an upcoming compliance period by no later than 90 days prior to the start of the compliance period.

**NEW SECTION. Sec. 12.** (1) The director of the department may issue an order declaring an emergency deferral of compliance with the carbon intensity standard established under section 3 of this act no later than 15 calendar days after the date the department determines, in consultation with the governor's office and the department of commerce, that:

(a) Extreme and unusual circumstances exist that prevent the distribution of an adequate supply of renewable fuels needed for regulated parties to comply with the clean fuels program taking into consideration all available methods of obtaining sufficient credits to comply with the standard;

(b) The extreme and unusual circumstances are the result of a

natural disaster, an act of God, a significant supply chain disruption or production facility equipment failure, or another event that could not reasonably have been foreseen or prevented and not the lack of prudent planning on the part of the suppliers of the fuels to the state; and

(c) It is in the public interest to grant the deferral such as when a deferral is necessary to meet projected temporary shortfalls in the supply of the renewable fuel in the state and that other methods of obtaining compliance credits are unavailable to compensate for the shortage of renewable fuel supply.

(2) If the director of the department makes the determination required under subsection (1) of this section, such a temporary extreme and unusual deferral is permitted only if:

(a) The deferral applies only for the shortest time necessary to address the extreme and unusual circumstances;

(b) The deferral is effective for the shortest practicable time period the director of the department determines necessary to permit the correction of the extreme and unusual circumstances; and

(c) The director has given public notice of a proposed deferral.

(3) An order declaring an emergency deferral under this section must set forth:

(a) The duration of the emergency deferral;

(b) The types of fuel to which the emergency deferral applies;

(c) Which of the following methods the department has selected for deferring compliance with the clean fuels program during the emergency deferral:

(i) Temporarily adjusting the scheduled applicable carbon intensity standard to a standard identified in the order that better reflects the availability of credits during the emergency deferral and requiring regulated parties to comply with the temporary standard;

(ii) Allowing for the carryover of deficits accrued during the emergency deferral into the next compliance period without penalty; or

(iii) Suspending deficit accrual during the emergency deferral period.

(4) An emergency deferral may be terminated prior to the expiration date of the emergency deferral if new information becomes available indicating that the shortage that provided the basis for the emergency deferral has ended. The director of the department shall consult with the department of commerce and the governor's office in making an early termination decision. Termination of an emergency deferral is effective 15 calendar days after the date that the order declaring the termination is adopted.

(5)(a) In addition to the emergency deferral specified in subsection (1) of this section, the department may issue a full or partial deferral for one calendar quarter of a person's obligation to furnish credits for compliance under section 4 of this act if it finds that the person is unable to comply with the requirements of this chapter due to reasons beyond the person's reasonable control. The department may initiate a deferral under this subsection at its own discretion or at the request of a person regulated under this chapter. The department may renew issued deferrals. In evaluating whether to issue a deferral under this subsection, the department may consider the results of the fuel supply forecast in section 11 of this act, but is not bound in its decision-making discretion by the results of the forecast.

(b) If the department issues a deferral pursuant to this subsection, the department may:

(i) Direct the person subject to the deferral to file a progress report on achieving full compliance with the requirements of this chapter within an amount of time determined to be reasonable by the department; and

(ii) Direct the person to take specific actions to achieve full

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compliance with the requirements of this chapter.

(c) The issuance of a deferral under this subsection does not permanently relieve the deferral recipient of the obligation to comply with the requirements of this chapter.

**NEW SECTION. Sec. 13.** (1) The department may require that persons that are required or elect to register or report under this chapter pay a fee. If the department elects to require program participants to pay a fee, the department must, after an opportunity for public review and comment, adopt rules to establish a process to determine the payment schedule and the amount of the fee charged. The amount of the fee must be set so as to equal but not exceed the projected direct and indirect costs to the department for developing and implementing the program and the projected direct and indirect costs to the department of commerce to carry out its responsibilities under section 11 of this act. The department and the department of commerce must prepare a biennial workload analysis and provide an opportunity for public review of and comment on the workload analysis. The department shall enter into an interagency agreement with the department of commerce to implement this section.

(2) The clean fuels program account is created in the state treasury. All receipts from fees and penalties received under the program created in this chapter must be deposited into the account. Moneys in the account may be spent only after appropriation. The department may only use expenditures from the account for carrying out the program created in this chapter.

**NEW SECTION. Sec. 14.** (1) By December 1, 2029, the joint legislative audit and review committee must analyze the impacts of the initial five years of clean fuels program implementation and must submit a report summarizing the analysis to the legislature. The analysis must include, at minimum, the following components:

(a) Costs and benefits, including environmental and public health costs and benefits, associated with this chapter for categories of persons participating in the clean fuels program or that are most impacted by air pollution, as defined in consultation with the departments of ecology and health and as measured on a census tract scale. This component of the analysis must, at minimum, assess the costs and benefits of changes in the following metrics since the start of the program:

(i) Levels of greenhouse gas emissions and criteria air pollutants for which the United States environmental protection agency has established national ambient air quality standards;

(ii) Fuel prices; and

(iii) Total employment in categories of industries generating credits or deficits. The categories of industries assessed must include but are not limited to electric utilities, oil refineries, and other industries involved in the production of high carbon fuels, industries involved in the delivery and sale of high carbon fuels, biofuel refineries, and industries involved in the delivery and sale of low carbon fuels;

(b) An evaluation of the information calculated and provided by the department under section 10(1) of this act; and

(c) A summary of the estimated total statewide costs and benefits attributable to the clean fuels program, including state agency administrative costs and regulated entity compliance costs. For purposes of calculating the benefits of the program, the summary may rely, in part, on a constant value of the social costs attributable to greenhouse gas emissions, as identified in contemporary internationally accepted estimates of such global social cost. This summary must include an estimate of the total statewide costs of the program per ton of greenhouse gas emissions reductions achieved by the clean fuels program.

(2) This section expires June 30, 2030.

**NEW SECTION. Sec. 15.** A new section is added to

chapter 82.04 RCW to read as follows:

(1) This chapter does not apply to amounts received from the generation, purchase, sale, transfer, or retirement of credits under chapter 70A--- RCW (the new chapter created in section 25 of this act).

(2) The provisions of RCW 82.32.805 and 82.32.808 do not apply to subsection (1) of this section.

**Sec. 16.** RCW 46.17.365 and 2015 3rd sp.s. c 44 s 202 are each amended to read as follows:

(1) A person applying for a motor vehicle registration and paying the vehicle license fee required in RCW 46.17.350(1) (a), (d), (e), (h), (j), (n), and (o) shall pay a motor vehicle weight fee in addition to all other fees and taxes required by law.

(a) For vehicle registrations that are due or become due before July 1, 2016, the motor vehicle weight fee:

(i) Must be based on the motor vehicle scale weight;

(ii) Is the difference determined by subtracting the vehicle license fee required in RCW 46.17.350 from the license fee in Schedule B of RCW 46.17.355, plus two dollars; and

(iii) Must be distributed under RCW 46.68.415.

(b) For vehicle registrations that are due or become due on or after July 1, 2016, the motor vehicle weight fee:

(i) Must be based on the motor vehicle scale weight as follows:

WEIGHT	FEE
4,000 pounds	\$ 25.00
6,000 pounds	\$ 45.00
8,000 pounds	\$ 65.00
16,000 pounds and over	\$ 72.00;

(ii) If the resultant motor vehicle scale weight is not listed in the table provided in (b)(i) of this subsection, must be increased to the next highest weight; and

(iii) Must be distributed under RCW 46.68.415 unless prior to July 1, 2023, the actions described in (b)(iii)(A) or (B) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the connecting Washington account created under RCW 46.68.395.

(A) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(B) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(C) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(2) A person applying for a motor home vehicle registration shall, in lieu of the motor vehicle weight fee required in subsection (1) of this section, pay a motor home vehicle weight fee of seventy-five dollars in addition to all other fees and taxes required by law. The motor home vehicle weight fee must be distributed under RCW 46.68.415.

(3) Beginning July 1, 2022, in addition to the motor vehicle weight fee as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant to pay an additional weight fee of ten dollars, which must be distributed to the

multimodal transportation account under RCW 47.66.070 unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(4) The department shall:

(a) Rely on motor vehicle empty scale weights provided by vehicle manufacturers, or other sources defined by the department, to determine the weight of each motor vehicle; and

(b) Adopt rules for determining weight for vehicles without manufacturer empty scale weights.

**Sec. 17.** RCW 46.25.100 and 2015 3rd sp.s. c 44 s 208 are each amended to read as follows:

(1) When a person has been disqualified from operating a commercial motor vehicle, the person is not entitled to have the commercial driver's license or commercial learner's permit restored until after the expiration of the appropriate disqualification period required under RCW 46.25.090 or until the department has received a drug and alcohol assessment and evidence is presented of satisfactory participation in or completion of any required drug or alcohol treatment program for ending the disqualification under RCW 46.25.090(7). After expiration of the appropriate period and upon payment of a requalification fee of twenty dollars until June 30, 2016, and thirty-five dollars beginning July 1, 2016, or one hundred fifty dollars if the person has been disqualified under RCW 46.25.090(7), the person may apply for a new, duplicate, or renewal commercial driver's license or commercial learner's permit as provided by law. If the person has been disqualified for a period of one year or more, the person shall demonstrate that he or she meets the commercial driver's license or commercial learner's permit qualification standards specified in RCW 46.25.060.

(2) The fees under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 208, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Sec. 18.** RCW 46.20.202 and 2017 c 310 s 3 are each amended to read as follows:

(1) The department may enter into a memorandum of understanding with any federal agency for the purposes of facilitating the crossing of the border between the state of Washington and the Canadian province of British Columbia.

(2) The department may enter into an agreement with the Canadian province of British Columbia for the purposes of implementing a border-crossing initiative.

(3)(a) The department may issue an enhanced driver's license or identicard for the purposes of crossing the border between the state of Washington and the Canadian province of British Columbia to an applicant who provides the department with proof of: United States citizenship, identity, and state residency. The department shall continue to offer a standard driver's license and identicard. If the department chooses to issue an enhanced driver's license, the department must allow each applicant to choose between a standard driver's license or identicard, or an enhanced driver's license or identicard.

(b) The department shall implement a one-to-many biometric matching system for the enhanced driver's license or identicard. An applicant for an enhanced driver's license or identicard shall submit a biometric identifier as designated by the department. The biometric identifier must be used solely for the purpose of verifying the identity of the holders and for any purpose set out in RCW 46.20.037. Applicants are required to sign a declaration acknowledging their understanding of the one-to-many biometric match.

(c) The enhanced driver's license or identicard must include reasonable security measures to protect the privacy of Washington state residents, including reasonable safeguards to protect against unauthorized disclosure of data about Washington state residents. If the enhanced driver's license or identicard includes a radio frequency identification chip, or similar technology, the department shall ensure that the technology is encrypted or otherwise secure from unauthorized data access.

(d) The requirements of this subsection are in addition to the requirements otherwise imposed on applicants for a driver's license or identicard. The department shall adopt such rules as necessary to meet the requirements of this subsection. From time to time the department shall review technological innovations related to the security of identity cards and amend the rules related to enhanced driver's licenses and identicards as the director deems consistent with this section and appropriate to protect the privacy of Washington state residents.

(e) Notwithstanding RCW 46.20.118, the department may make images associated with enhanced drivers' licenses or identicards from the negative file available to United States customs and border agents for the purposes of verifying identity.

(4) Beginning on July 23, 2017, the fee for an enhanced driver's license or enhanced identicard is twenty-four dollars, which is in addition to the fees for any regular driver's license or identicard. If the enhanced driver's license or enhanced identicard is issued, renewed, or extended for a period other than six years, the fee for each class is four dollars for each year that the enhanced driver's license or enhanced identicard is issued, renewed, or extended.

(5) The enhanced driver's license and enhanced identicard fee under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue

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that is the result of the fee increased in section 209, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Sec. 19.** RCW 46.25.052 and 2015 3rd sp.s. c 44 s 206 are each amended to read as follows:

(1) The department may issue a CLP to an applicant who is at least eighteen years of age and holds a valid Washington state driver's license and who has:

(a) Submitted an application on a form or in a format provided by the department;

(b) Passed the general knowledge examination required for issuance of a CDL under RCW 46.25.060 for the commercial motor vehicle classification in which the applicant operates or expects to operate; and

(c) Paid the appropriate examination fee or fees and an application fee of ten dollars until June 30, 2016, and forty dollars beginning July 1, 2016.

(2) A CLP must be marked "commercial learner's permit" or "CLP," and must be, to the maximum extent practicable, tamperproof. Other than a photograph of the applicant, it must include, but not be limited to, the information required on a CDL under RCW 46.25.080(1).

(3) The holder of a CLP may drive a commercial motor vehicle on a highway only when in possession of a valid driver's license and accompanied by the holder of a valid CDL who has the proper CDL classification and endorsement or endorsements necessary to operate the commercial motor vehicle. The CDL holder must at all times be physically present in the front seat of the vehicle next to the CLP holder or, in the case of a passenger vehicle, directly behind or in the first row behind the driver and must have the CLP holder under observation and direct supervision.

(4) A CLP may be classified in the same manner as a CDL under RCW 46.25.080(2)(a).

(5) CLPs may be issued with only P, S, or N endorsements as described in RCW 46.25.080(2)(b).

(a) The holder of a CLP with a P endorsement must have taken and passed the P endorsement knowledge examination. The holder of a CLP with a P endorsement is prohibited from operating a commercial motor vehicle carrying passengers other than authorized employees or representatives of the department and the federal motor carrier safety administration, examiners, other trainees, and the CDL holder accompanying the CLP holder as required under subsection (2) of this section. The P endorsement must be class specific.

(b) The holder of a CLP with an S endorsement must have taken and passed the S endorsement knowledge examination. The holder of a CLP with an S endorsement is prohibited from operating a school bus with passengers other than authorized employees or representatives of the department and the federal motor carrier safety administration, examiners, other trainees, and

the CDL holder accompanying the CLP holder as required under subsection (2) of this section.

(c) The holder of a CLP with an N endorsement must have taken and passed the N endorsement knowledge examination. The holder of a CLP with an N endorsement may only operate an empty tank vehicle and is prohibited from operating any tank vehicle that previously contained hazardous materials and has not been purged of any residue.

(6) A CLP may be issued with appropriate restrictions as described in RCW 46.25.080(2)(c). In addition, a CLP may be issued with the following restrictions:

(a) "P" restricts the driver from operating a bus with passengers;

(b) "X" restricts the driver from operating a tank vehicle that contains cargo; and

(c) Any restriction as established by rule of the department.

(7) The holder of a CLP is not authorized to operate a commercial motor vehicle transporting hazardous materials.

(8) A CLP may not be issued for a period to exceed one hundred eighty days. The department may renew the CLP for one additional one hundred eighty-day period without requiring the CLP holder to retake the general and endorsement knowledge examinations.

(9) The department must transmit the fees collected for CLPs to the state treasurer for deposit in the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 206, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Sec. 20.** RCW 46.25.060 and 2020 c 78 s 2 are each amended to read as follows:

(1)(a) No person may be issued a commercial driver's license unless that person:

(i) Is a resident of this state;

(ii) Has successfully completed a course of instruction in the operation of a commercial motor vehicle that has been approved by the director or has been certified by an employer as having the skills and training necessary to operate a commercial motor vehicle safely;

(iii) If he or she does not hold a valid commercial driver's license of the appropriate classification, has been issued a commercial learner's permit under RCW 46.25.052; and

(iv) Has passed a knowledge and skills examination for driving a commercial motor vehicle that complies with minimum federal standards established by federal regulation enumerated in 49 C.F.R. Part 383, subparts F, G, and H, in addition to other requirements imposed by state law or federal regulation. The department may not allow the person to take the skills examination during the first fourteen days after initial issuance of

the person's commercial learner's permit. The examinations must be prescribed and conducted by the department.

(b) In addition to the fee charged for issuance or renewal of any license, the applicant shall pay a fee of no more than ten dollars until June 30, 2016, and thirty-five dollars beginning July 1, 2016, for the classified knowledge examination, classified endorsement knowledge examination, or any combination of classified license and endorsement knowledge examinations. The applicant shall pay a fee of no more than one hundred dollars until June 30, 2016, and two hundred fifty dollars beginning July 1, 2016, for each classified skill examination or combination of classified skill examinations conducted by the department.

(c) The department may authorize a person, including an agency of this or another state, an employer, a private driver training facility, or other private institution, or a department, agency, or instrumentality of local government, to administer the skills examination specified by this section under the following conditions:

(i) The examination is the same which would otherwise be administered by the state;

(ii) The third party has entered into an agreement with the state that complies with the requirements of 49 C.F.R. Sec. 383.75; and

(iii) The director has adopted rules as to the third party testing program and the development and justification for fees charged by any third party.

(d) If the applicant's primary use of a commercial driver's license is for any of the following, then the applicant shall pay a fee of no more than seventy-five dollars until June 30, 2016, and two hundred twenty-five dollars beginning July 1, 2016, for the classified skill examination or combination of classified skill examinations whether conducted by the department or a third-party tester:

(i) Public benefit not-for-profit corporations that are federally supported head start programs; or

(ii) Public benefit not-for-profit corporations that support early childhood education and assistance programs as described in RCW 43.216.505.

(e) Beginning July 1, 2016, if the applicant's primary use of a commercial driver's license is to drive a school bus, the applicant shall pay a fee of no more than one hundred dollars for the classified skill examination or combination of classified skill examinations conducted by the department.

(f) Beginning July 1, 2016, payment of the examination fees under this subsection entitles the applicant to take the examination up to two times in order to pass.

(2)(a) The department may waive the skills examination and the requirement for completion of a course of instruction in the operation of a commercial motor vehicle specified in this section for a commercial driver's license applicant who meets the requirements of 49 C.F.R. Sec. 383.77. For current or former military service members that meet the requirements of 49 C.F.R. Sec. 383.77, the department may also waive the requirements for a knowledge test for commercial driver's license applicants. Beginning December 1, 2021, the department shall provide an annual report to the house and senate transportation committees and the joint committee on veterans' and military affairs of the legislature on the number and types of waivers granted pursuant to this subsection.

(b) An applicant who operates a commercial motor vehicle for agribusiness purposes is exempt from the course of instruction completion and employer skills and training certification requirements under this section. By January 1, 2010, the department shall submit recommendations regarding the continuance of this exemption to the transportation committees of the legislature. For purposes of this subsection (2)(b), "agribusiness" means a private carrier who in the normal course

of business primarily transports:

(i) Farm machinery, farm equipment, implements of husbandry, farm supplies, and materials used in farming;

(ii) Agricultural inputs, such as seed, feed, fertilizer, and crop protection products;

(iii) Unprocessed agricultural commodities, as defined in RCW 17.21.020, where such commodities are produced by farmers, ranchers, vineyardists, or orchardists; or

(iv) Any combination of (b)(i) through (iii) of this subsection.

The department shall notify the transportation committees of the legislature if the federal government takes action affecting the exemption provided in this subsection (2)(b).

(3) A commercial driver's license or commercial learner's permit may not be issued to a person while the person is subject to a disqualification from driving a commercial motor vehicle, or while the person's driver's license is suspended, revoked, or canceled in any state, nor may a commercial driver's license be issued to a person who has a commercial driver's license issued by any other state unless the person first surrenders all such licenses, which must be returned to the issuing state for cancellation.

(4) The fees under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 207, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

**Sec. 21.** RCW 70A.15.3150 and 2020 c 20 s 1111 are each amended to read as follows:

(1) Any person who knowingly violates any of the provisions of this chapter ((or)), chapter 70A.25 or 70A.--- (the new chapter created in section 25 of this act) RCW, RCW 70A.45.080, or any ordinance, resolution, or regulation in force pursuant thereto is guilty of a gross misdemeanor and upon conviction thereof shall be punished by a fine of not more than ten thousand dollars, or by imprisonment in the county jail for up to three hundred sixty-four days, or by both for each separate violation.

(2) Any person who negligently releases into the ambient air any substance listed by the department of ecology as a hazardous air pollutant, other than in compliance with the terms of an applicable permit or emission limit, and who at the time negligently places another person in imminent danger of death or substantial bodily harm is guilty of a gross misdemeanor and shall, upon conviction, be punished by a fine of not more than ten thousand dollars, or by imprisonment for up to three hundred sixty-four days, or both.

(3) Any person who knowingly releases into the ambient air any substance listed by the department of ecology as a hazardous air pollutant, other than in compliance with the terms of an applicable permit or emission limit, and who knows at the time

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that he or she thereby places another person in imminent danger of death or substantial bodily harm, is guilty of a class C felony and shall, upon conviction, be punished by a fine of not less than fifty thousand dollars, or by imprisonment for not more than five years, or both.

(4) Any person who knowingly fails to disclose a potential conflict of interest under RCW 70A.15.2000 is guilty of a gross misdemeanor, and upon conviction thereof shall be punished by a fine of not more than five thousand dollars.

**Sec. 22.** RCW 70A.15.3160 and 2020 c 20 s 1112 are each amended to read as follows:

(1)(a) Except as provided in RCW 43.05.060 through 43.05.080 and 43.05.150, and in addition to or as an alternate to any other penalty provided by law, any person who violates any of the provisions of this chapter, chapter 70A.25 ((or)), 70A.450, or 70A.--- (the new chapter created in section 25 of this act) RCW, RCW 70A.45.080, or any of the rules in force under such chapters or section may incur a civil penalty in an amount not to exceed ten thousand dollars per day for each violation. Each such violation shall be a separate and distinct offense, and in case of a continuing violation, each day's continuance shall be a separate and distinct violation.

(b) Any person who fails to take action as specified by an order issued pursuant to this chapter shall be liable for a civil penalty of not more than ten thousand dollars for each day of continued noncompliance.

(2)(a) Penalties incurred but not paid shall accrue interest, beginning on the ninety-first day following the date that the penalty becomes due and payable, at the highest rate allowed by RCW 19.52.020 on the date that the penalty becomes due and payable. If violations or penalties are appealed, interest shall not begin to accrue until the thirty-first day following final resolution of the appeal.

(b) The maximum penalty amounts established in this section may be increased annually to account for inflation as determined by the state office of the economic and revenue forecast council.

(3) Each act of commission or omission which procures, aids or abets in the violation shall be considered a violation under the provisions of this section and subject to the same penalty. The penalties provided in this section shall be imposed pursuant to RCW 43.21B.300.

(4) All penalties recovered under this section by the department shall be paid into the state treasury and credited to the air pollution control account established in RCW 70A.15.1010 or, if recovered by the authority, shall be paid into the treasury of the authority and credited to its funds. If a prior penalty for the same violation has been paid to a local authority, the penalty imposed by the department under subsection (1) of this section shall be reduced by the amount of the payment.

(5) To secure the penalty incurred under this section, the state or the authority shall have a lien on any vessel used or operated in violation of this chapter which shall be enforced as provided in RCW 60.36.050.

(6) Public or private entities that are recipients or potential recipients of department grants, whether for air quality related activities or not, may have such grants rescinded or withheld by the department for failure to comply with provisions of this chapter.

(7) In addition to other penalties provided by this chapter, persons knowingly under-reporting emissions or other information used to set fees, or persons required to pay emission or permit fees who are more than ninety days late with such payments may be subject to a penalty equal to three times the amount of the original fee owed.

(8) The department shall develop rules for excusing excess

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emissions from enforcement action if such excess emissions are unavoidable. The rules shall specify the criteria and procedures for the department and local air authorities to determine whether a period of excess emissions is excusable in accordance with the state implementation plan.

**Sec. 23.** RCW 19.112.110 and 2013 c 225 s 601 are each amended to read as follows:

(1) Special fuel licensees under chapter 82.38 RCW, as determined by the department of licensing, must provide evidence to the department of licensing that at least two percent of the total annual diesel fuel sold in Washington is biodiesel or renewable diesel fuel, following the earlier of: (a) November 30, 2008; or (b) when a determination is made by the director, published in the Washington State Register, that feedstock grown in Washington state can satisfy a two-percent requirement.

(2) Special fuel licensees under chapter 82.38 RCW, as determined by the department of licensing, must provide evidence to the department of licensing that at least five percent of total annual diesel fuel sold in Washington is biodiesel or renewable diesel fuel, when the director determines, and publishes this determination in the Washington State Register, that both in-state oil seed crushing capacity and feedstock grown in Washington state can satisfy a three-percent requirement.

(3) The requirements of subsections (1) and (2) of this section may take effect no sooner than one hundred eighty days after the determination has been published in the Washington State Register.

(4) The director and the director of licensing must each adopt rules, in coordination with each other, for enforcing and carrying out the purposes of this section.

(5) To the extent that the requirements of this section conflict with the requirements of chapter 70A.--- (the new chapter created in section 25 of this act) RCW, the requirements of chapter 70A.- -- (the new chapter created in section 25 of this act) RCW prevail.

**Sec. 24.** RCW 19.112.120 and 2013 c 225 s 602 are each amended to read as follows:

(1) By December 1, 2008, motor vehicle fuel licensees under chapter 82.38 RCW, as determined by the department of licensing, must provide evidence to the department of licensing that at least two percent of total gasoline sold in Washington, measured on a quarterly basis, is denatured ethanol.

(2) If the director of ecology determines that ethanol content greater than two percent of the total gasoline sold in Washington will not jeopardize continued attainment of the federal clean air act's national ambient air quality standard for ozone pollution in Washington and the director of agriculture determines and publishes this determination in the Washington State Register that sufficient raw materials are available within Washington to support economical production of ethanol at higher levels, the director of agriculture may require by rule that licensees provide evidence to the department of licensing that denatured ethanol comprises between two percent and at least ten percent of total gasoline sold in Washington, measured on a quarterly basis.

(3) The requirements of subsections (1) and (2) of this section may take effect no sooner than one hundred eighty days after the determination has been published in the Washington State Register.

(4) The director and the director of licensing must each adopt rules, in coordination with each other, for enforcing and carrying out the purposes of this section.

(5) Nothing in this section is intended to prohibit the production, sale, or use of motor fuel for use in federally designated flexibly fueled vehicles capable of using E85 motor fuel. Nothing in this section is intended to limit the use of high octane gasoline not blended with ethanol for use in aircraft.

(6) To the extent that the requirements of this section conflict with the requirements of chapter 70A.-- (the new chapter created in section 25 of this act) RCW, the requirements of chapter 70A.-- (the new chapter created in section 25 of this act) RCW prevail.

**NEW SECTION. Sec. 25.** Sections 1 through 14 of this act constitute a new chapter in Title 70A RCW.

**NEW SECTION. Sec. 26.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2021, in the omnibus appropriations act, this act is null and void.

**NEW SECTION. Sec. 27.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected."

On page 1, line 2 of the title, after "fuel;" strike the remainder of the title and insert "amending RCW 46.17.365, 46.25.100, 46.20.202, 46.25.052, 46.25.060, 70A.15.3150, 70A.15.3160, 19.112.110, and 19.112.120; adding a new section to chapter 82.04 RCW; adding a new chapter to Title 70A RCW; creating a new section; prescribing penalties; and providing an expiration date."

#### MOTION

Senator Van De Wege moved that the following floor amendment no. 659 by Senator Van De Wege be adopted:

On page 1, line 29, after "(3)" insert "The legislature finds that the clean fuel standard created in this chapter will create jobs in Washington state in the production and distribution of sustainable fuels like biofuels from agricultural feedstocks and forest residuals, hydrogen produced from renewable feedstocks, and more. In order to maximize the benefits of this policy to Washington workers while also protecting the environment for current and future generations, it is necessary to uphold and improve upon the state's siting policies. By identifying priority areas of the state for development and by developing methods to further avoid, minimize, and mitigate environmental impacts consistent with statute, rules, and guidance, Washington can protect its environment, contribute to the global fight against climate change, and support broadly shared prosperity.

(4)"

On page 38, after line 9, insert the following:

**"NEW SECTION. Sec. 26.** A new section is added to chapter 28B.30 RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, Washington State University's energy program must initiate a least conflict priority clean energy project siting program in coordination with the energy facility site evaluation council, the department of ecology, the department of commerce, the department of fish and wildlife, local governments, clean energy stakeholders, conservation stakeholders, and Indian tribes. This program must engage all relevant agencies, stakeholders, and Indian tribes to identify priority areas in Washington state with the least amount of potential environmental impact and other conflict over competing land uses in the siting of major clean energy projects with the potential to produce significant volumes of transportation fuel with a low carbon intensity, or that support the production of such transportation fuel. Washington State University's energy program may identify different priority areas for different types of industrial or manufacturing clean energy projects with the potential to produce significant volumes of transportation fuel with a low carbon intensity in sectors including, but not limited to, biofuels, agricultural and forest biomass, hydrogen produced via electrolysis of water, and

renewable natural gas.

(2) A project proposed in an area designated under subsection (1) of this section does not receive a guarantee or assurance of being permitted and is subject to review consistent with chapter 43.21C RCW and applicable environmental permit processes. Project proponents are not limited to proposing projects in identified least conflict zones.

(3) The identification of priority areas completed in subsection (1) of this section must be updated at least once every six years.

**NEW SECTION. Sec. 27.** A new section is added to chapter 43.21A RCW to read as follows:

Subject to the availability of amounts appropriated for this specific purpose, the department, in consultation with the department of commerce, must periodically convene stakeholders, including all of those identified in section 26 of this act, Indian tribes, and the member agencies of the energy facility site evaluation council to identify and discuss avoidance, minimization, and mitigation of significant likely environmental impacts of clean energy projects specified in section 26 of this act. The environmental impacts identified and discussed must include, but are not limited to, air quality impacts, impacts to land and aquatic habitats, and wildlife impacts that may result from clean energy projects. The department must periodically provide a report to the appropriate committees of the house of representatives and the senate identifying mitigation resources, funding needs, and potential policies and programs to modify permitting and environmental review necessary for construction of clean energy projects with the potential to produce significant volumes of transportation fuel with a low carbon intensity, or that support the production of such transportation fuel, in Washington state."

Renumber the remaining sections consecutively and correct any internal references accordingly.

On page 38, at the beginning of line 24, after "RCW;" insert "adding a new section to chapter 28B.30 RCW; adding a new section to chapter 43.21A RCW;"

Senators Van De Wege and Carlyle spoke in favor of adoption of the committee striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 659 by Senator Van De Wege on page 1, line 29 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Van De Wege carried and floor amendment no. 659 was adopted by voice vote.

#### MOTION

Senator Wilson, J. moved that the following floor amendment no. 648 by Senator Wilson, J. be adopted:

On page 2, after line 7, insert the following:

"(4) The legislature intends for the clean fuels program to terminate if the state establishes a goal that all publicly owned and privately owned passenger and light duty vehicles of model year 2030 or later that are sold, purchased, or registered in Washington state must be electric vehicles."

Senator Wilson, J. spoke in favor of adoption of the amendment.

Senator Liias spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 648 by Senator Wilson, J. on page 2, line 7 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Wilson, J. did not carry and floor amendment no. 648 was not adopted by voice vote.

MOTION

Senator Rivers moved that the following floor amendment no. 665 by Senator Rivers be adopted:

On page 5, beginning on line 14, after "2023" strike all material through "section" on line 15

On page 5, beginning on line 16, strike all of subsection (6)

Renumber the remaining subsections consecutively and correct any internal references accordingly.

Senator Rivers spoke in favor of adoption of the amendment to the committee striking amendment.

Senator Mullet spoke against adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 665 by Senator Rivers on page 5, line 14 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Rivers did not carry and floor amendment no. 665 was not adopted by voice vote.

MOTION

Senator Mullet moved that the following floor amendment no. 649 by Senator Mullet be adopted:

On page 5, line 29, after "(7)" insert "Beginning January 1, 2028, the department shall not increase the applicable clean fuels program standard adopted by the department under subsection (5) of this section until the department can demonstrate that at least one new biofuel production facility producing in excess of 60,000,000 gallons of biofuels per year has received all necessary siting, operating, and environmental permits post all applicable appeals.

(8)"

Renumber the remaining subsection consecutively and correct any internal references accordingly.

On page 13, line 33, after "(3)" insert "The rules adopted under sections 3 and 4 of this act must allow the generation of credits from state transportation investments funded in an omnibus transportation appropriations act for activities and projects that reduce greenhouse gas emissions and decarbonize the transportation sector. These include, but are not limited to: (a) Electrical grid and hydrogen fueling infrastructure investments; (b) ferry operating and capital investments; (c) electrification of the state ferry fleet; (d) alternative fuel vehicle rebate programs; (e) transit grants; (f) infrastructure and other costs associated with the adoption of alternative fuel use by transit agencies; (g) bike and pedestrian grant programs and other activities; (h) complete streets and safe walking grants and allocations; (i) rail funding; and (j) multimodal investments.

(4)"

On page 13, line 36, after "(1)" strike "and (2)" and insert ", (2), and (3)"

Senators Mullet and Carlyle spoke in favor of adoption of the amendment to the committee striking amendment.

Senator Ericksen spoke against adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 649 by Senator Mullet on page 5, line 29 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Mullet carried and floor amendment no. 649 was adopted by voice vote.

MOTION

Senator Van De Wege moved that the following floor amendment no. 667 by Senator Van De Wege be adopted:

On page 5, line 29, after "(7)" insert "Beginning January 1, 2026, the department may not increase the applicable clean fuels program standard adopted by the department under subsection (5) of this section until the department can demonstrate the following have occurred:

(a) At least a 25 percent net increase in the volume of in-state liquid biofuel production and the use of agricultural feedstocks grown within the state relative to the start of the program; and

(b) At least one new biofuels production facility producing in excess of 60,000,000 gallons of biofuels per year has received all necessary siting, operating, and environmental permits post all applicable appeals.

(8)"

Renumber the remaining subsection consecutively and correct any internal references accordingly.

On page 11, beginning on line 12, strike all of subsections (11) and (12)

Senators Van De Wege and Carlyle spoke in favor of adoption of the amendment to the committee striking amendment.

Senators Dozier, Ericksen and Schoesler spoke against adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 667 by Senator Van De Wege on page 5, line 29 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Van De Wege carried and floor amendment no. 667 was adopted by voice vote.

WITHDRAWAL OF AMENDMENT

On motion of Senator Carlyle and without objection, floor amendment no. 688 by Senator Carlyle on page 5, line 29 to Engrossed Third Substitute House Bill No. 1091 was withdrawn.

MOTION

Senator Ericksen moved that the following floor amendment no. 650 by Senator Ericksen be adopted:

On page 5, after line 34, insert the following:

"(9) This act shall not take effect unless it can be determined that this act, when combined with all other greenhouse gas emissions reduction policies enacted by the state of Washington, will cause an average annual reduction of global greenhouse gas emissions totaling at least 0.2 percent."

Senator Ericksen spoke in favor of adoption of the amendment to the committee striking amendment.

Senator Lovelett spoke against adoption of the amendment to the committee striking amendment.

MOTION

On motion of Senator Wagoner, Senator Honeyford was excused.

The President declared the question before the Senate to be the adoption of floor amendment no. 650 by Senator Ericksen on

page 5, line 34 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Ericksen did not carry and floor amendment no. 650 was not adopted by voice vote.

#### MOTION

Senator Ericksen moved that the following floor amendment no. 651 by Senator Ericksen be adopted:

On page 5, after line 34, insert the following:

"(9) This act shall not take effect until the People's Republic of China reduces its annual greenhouse gas emissions by 20 percent, or more, below its 2020 levels."

Senators Ericksen and Wilson, J. spoke in favor of adoption of the amendment to the committee striking amendment.

Senator Lovelett spoke against adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 651 by Senator Ericksen on page 5, line 34 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Ericksen did not carry and floor amendment no. 651 was not adopted by voice vote.

#### MOTION

Senator Fortunato moved that the following floor amendment no. 668 by Senator Fortunato be adopted:

On page 6, beginning on line 19, after "(i)" strike all material through "(ii)" on line 27

Re-number the remaining subsections consecutively and correct any internal references accordingly.

Senator Fortunato spoke in favor of adoption of the amendment to the committee striking amendment.

Senator Stanford spoke against adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 668 by Senator Fortunato on page 6, line 19 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Fortunato did not carry and floor amendment no. 668 was not adopted by voice vote.

#### MOTION

Senator Rivers moved that the following floor amendment no. 666 by Senator Rivers be adopted:

On page 16, line 18, after "programs;" strike "and"

On page 16, line 20, after "agencies" insert "; and (e) the planting of carbon-sequestering vegetation on department of transportation property"

Senators Rivers, Muzzall, King and Wagoner spoke in favor of adoption of the amendment to the committee striking amendment.

Senator Stanford spoke against adoption of the amendment to the committee striking amendment.

Senator Fortunato spoke on adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 666 by Senator Rivers on page 16, line 18 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Rivers did not carry and floor amendment no. 666 was not adopted by voice vote.

#### MOTION

Senator Ericksen moved that the following floor amendment no. 652 by Senator Ericksen be adopted:

On page 16, after line 24, insert the following:

"(4) An electric utility making an expenditure of funds under this section may not make expenditure decisions based on race, sex, color, ethnicity, or national origin."

Senator Ericksen spoke in favor of adoption of the amendment to the committee striking amendment.

Senator Liias spoke against adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 652 by Senator Ericksen on page 16, line 24 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Ericksen did not carry and floor amendment no. 652 was not adopted by voice vote.

#### MOTION

Senator Fortunato moved that the following floor amendment no. 669 by Senator Fortunato be adopted:

On page 17, line 4, after "senate" insert ". If a report required under this section shows that the best estimate or range in probable costs attributable to the clean fuels program per gallon of gasoline or per gallon of diesel exceeds five cents, the department shall adopt an emergency rule to suspend the program"

Senator Fortunato spoke in favor of adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 669 by Senator Fortunato on page 17, line 4 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Fortunato did not carry and floor amendment no. 669 was not adopted by voice vote.

#### MOTION

Senator Short moved that the following floor amendment no. 671 by Senator Short be adopted:

On page 22, after line 26, insert the following:

"(3) All rule making authorized under this act must be conducted according to the standards for significant legislative rules provided in RCW 34.05.328."

Senators Short and Carlyle spoke in favor of adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 671 by Senator Short on page 22, line 26 to Engrossed Third Substitute House Bill No. 1091.

The motion by Senator Short carried and floor amendment no. 671 was adopted by voice vote.

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Environment, Energy & Technology to Engrossed Third

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Substitute House Bill No. 1091.

The motion by Senator Carlyle carried and the committee striking amendment was adopted by voice vote.

#### MOTION

On motion of Senator Carlyle, the rules were suspended, Engrossed Third Substitute House Bill No. 1091 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Carlyle spoke in favor of passage of the bill.

Senators Rivers, Wilson, J., Wilson, L. and Wagoner spoke against passage of the bill.

#### MOTION

On motion of Senator Liias, Rule 15 was suspended for the remainder of the day for the purpose of allowing continued floor action.

EDITOR'S NOTE: Senate Rule 15 establishes the floor schedule and calls for a lunch and dinner break of 90 minutes each per day during regular daily sessions.

Senator Robinson spoke in favor of passage of the bill.

Senators Ericksen, Warnick, Dozier, King, Brown, Muzzall, Braun, Schoesler and Padden spoke against passage of the bill.

#### MOTION

On motion of Senator Wagoner, Senator McCune was excused.

The President declared the question before the Senate to be the final passage of Engrossed Third Substitute House Bill No. 1091.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Third Substitute House Bill No. 1091 and the bill passed the Senate by the following vote: Yeas, 27; Nays, 20; Absent, 0; Excused, 2.

Voting yea: Senators Billig, Carlyle, Cleveland, Conway, Darneille, Das, Dhingra, Frockt, Hasegawa, Hunt, Keiser, Kuderer, Liias, Lovelett, Mullet, Nguyen, Nobles, Pedersen, Randall, Robinson, Rolfes, Saldaña, Salomon, Stanford, Van De Wege, Wellman and Wilson, C.

Voting nay: Senators Braun, Brown, Dozier, Ericksen, Fortunato, Gildon, Hawkins, Hobbs, Holy, King, Muzzall, Padden, Rivers, Schoesler, Sheldon, Short, Wagoner, Warnick, Wilson, J. and Wilson, L.

Excused: Senators Honeyford and McCune

ENGROSSED THIRD SUBSTITUTE HOUSE BILL NO. 1091, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

SUBSTITUTE HOUSE BILL NO. 1355, by House Committee on Rural Development, Agriculture & Natural Resources (originally sponsored by Dent, Chandler, Boehnke, Lovick, Dye, Fitzgibbon, Klippert, Jacobsen and Schmick)

Concerning noxious weeds.

The measure was read the second time.

#### MOTION

Senator Warnick moved that the following committee striking amendment by the Committee on Ways & Means be adopted:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 17.10.010 and 1997 c 353 s 2 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise:

(1) "Noxious weed" means a plant that when established is highly destructive, competitive, or difficult to control by cultural or chemical practices.

(2) "State noxious weed list" means a list of noxious weeds adopted by the state noxious weed control board. The list is divided into three classes:

(a) Class A consists of those noxious weeds not native to the state that are of limited distribution or are unrecorded in the state and that pose a serious threat to the state;

(b) Class B consists of those noxious weeds not native to the state that are of limited distribution or are unrecorded in a region of the state and that pose a serious threat to that region;

(c) Class C consists of any other nonnative to Washington state noxious weeds.

(3) "Person" means any individual, partnership, corporation, firm, the state or any department, agency, or subdivision thereof, or any other entity.

(4) "Owner" means the person in actual control of property including, but not limited to, deeded parcels, public rights-of-way, and undefined lots, or his or her agent, whether the control is based on legal or equitable title or on any other interest entitling the holder to possession and, for purposes of liability, pursuant to RCW 17.10.170 or 17.10.210, means the possessor of legal or equitable title or the possessor of an easement: PROVIDED, That when the possessor of an easement has the right to control or limit the growth of vegetation within the boundaries of an easement, only the possessor of the easement is deemed, for the purpose of this chapter, an "owner" of the property within the boundaries of the easement.

(5) As pertains to the duty of an owner, the words "control", "contain", "eradicate", and the term "prevent the spread of noxious weeds" means conforming to the standards of noxious weed control or prevention in this chapter or as adopted by rule in chapter 16-750 WAC by the state noxious weed control board and an activated county noxious weed control board.

(6) "Agent" means any occupant or any other person acting for the owner and working or in charge of the land.

(7) "Agricultural purposes" are those that are intended to provide for the growth and harvest of food and fiber.

(8) "Director" means the director of the department of agriculture or the director's appointed representative.

(9) "Weed district" means a weed district as defined in chapters 17.04 and 17.06 RCW.

(10) "Aquatic noxious weed" means an aquatic plant species that is listed on the state weed list under RCW 17.10.080.

(11) "Screenings" means a mixture of mill or elevator run mixture or a combination of varying amounts of materials obtained in the process of cleaning either grain or seeds, or both, such as light or broken grain or seed, weed seeds, hulls, chaff, joints, straw, elevator dust, floor sweepings, sand, and dirt.

(12) "Assessment" means a special assessment levied by a county legislative authority pursuant to RCW 17.10.240.

(13) "Centerline miles" means the length of any given road right-of-way corridor in miles, along the center line of the overall roadway alignment.

(14) "Parcel" means real property having a parcel number or deeded real property, undefined lot, a lot having a legal description, or right-of-way owned or held by the state, county, or city.

**Sec. 2.** RCW 17.10.030 and 1997 c 353 s 4 are each amended to read as follows:

There is created a state noxious weed control board comprised of nine voting members and ~~((three))~~ four nonvoting members. Four of the voting members shall be elected by the members of the various activated county noxious weed control boards, and shall be residents of a county in which a county noxious weed control board has been activated and a member of said board, and those qualifications shall continue through their term of office. Two of these members shall be elected from the west side of the state, the crest of the Cascades being the dividing line, and two from the east side of the state. The director of agriculture is a voting member of the board. One voting member shall be elected by the directors of the various active weed districts formed under chapter 17.04 or 17.06 RCW. The Washington state association of counties appoints one voting member who shall be a member of a county legislative authority. A statewide association representing county noxious weed coordinators appoints a nonvoting technical advisor. The director shall appoint two voting members to represent the public interest, one from the west side and one from the east side of the state. The director shall also appoint three nonvoting members representing scientific disciplines relating to weed control. The term of office for all members of the board is ~~((three))~~ four years from the date of election or appointment.

The board, by rule, shall establish a position number for each elected position of the board and shall designate which county noxious weed control board members are eligible to vote for each elected position. The elected members serve staggered terms. Elections for the elected members of the board shall be held thirty days prior to the expiration date of their respective terms. Nominations and elections shall be by mail and conducted by the board.

The board shall conduct its first meeting within thirty days after all its members have been elected. The board shall elect from its members a chair and other officers as may be necessary. A majority of the voting members of the board constitutes a quorum for the transaction of business and is necessary for any action taken by the board. The members of the board serve without salary, but shall be reimbursed for travel expenses incurred in the performance of their duties under this chapter in accordance with RCW 43.03.050 and 43.03.060.

**Sec. 3.** RCW 17.10.050 and 1997 c 353 s 6 are each amended to read as follows:

(1) Each activated county noxious weed control board consists of five voting members appointed by the county legislative authority in the manner prescribed in this section. In appointing the voting members, the county legislative authority shall divide the county into five geographical areas that best represent the county's interests, and appoint a voting member from each geographical area. At least ~~((four))~~ three of the voting members shall be engaged in the primary production of agricultural products. There is one nonvoting member on the board who is the ~~((chair))~~ director of the county extension office or an extension agent appointed by the ~~((chair))~~ director of the county extension office. Each voting member of the board serves a term of four years, except that the county legislative authority shall, when a board is first activated under this chapter, designate two voting members to serve terms of two years. The board members shall

not receive a salary but shall be compensated for actual and necessary expenses incurred in the performance of their official duties.

(2)(a) The voting members of the board serve until their replacements are appointed. New members of the board shall be appointed at least thirty days prior to the expiration of any board member's term of office.

(b) Notice of expiration of a term of office shall be published at least twice in a weekly or daily newspaper of general circulation in the ~~((section [geographical area]))~~ geographical area with last publication occurring at least ten days prior to the nomination. All persons interested in appointment to the board and residing in the geographical area with a pending nomination shall make a written application that includes the signatures of at least ten registered voters residing in the geographical area supporting the nomination to the county noxious weed control board. After nominations close, the county noxious weed control board shall, after a hearing, send the applications to the county legislative authority recommending the names of the most qualified candidates, and post the names of those nominees in the county courthouse or county website and publish in at least one newspaper of general circulation in the county. The county legislative authority, within ~~((ten))~~ 60 days of receiving the list of nominees, shall appoint one of those nominees to the county noxious weed control board to represent that geographical area during that term of office. If the county legislative authority fails to appoint a nominee within the 60-day period and a quorum of the board is not seated, the county noxious weed control board shall appoint a nominee only to meet a quorum, who shall serve in that capacity until the county legislative authority appoints a nominee to fill the vacant position in the manner prescribed in this section. Not more than three board members may be appointed in this manner.

(3) Within thirty days after all the members have been appointed, the board shall conduct its first meeting. A majority of the voting members of the board constitutes a quorum for the transaction of business and is necessary for any action taken by the board. The board shall elect from its members a chair and other officers as may be necessary.

(4) ~~In case of a vacancy ((occurring in any voting position on a county noxious weed control board, the county legislative authority of the county in which the board is located shall appoint a qualified person to fill the vacancy for the unexpired term)), the position must be filled in the manner prescribed in this section.~~

**Sec. 4.** RCW 17.10.060 and 1997 c 353 s 7 are each amended to read as follows:

(1) Each activated county noxious weed control board ~~((shall))~~ must employ or otherwise provide a weed coordinator whose duties are fixed by the board but which shall include inspecting land to determine the presence of noxious weeds, offering technical assistance and education, and developing a program to achieve compliance with the weed law. The weed coordinator may be employed full time, part time, or seasonally by the county noxious weed control board. County weed board employment practices shall comply with county personnel policies. Within sixty days from initial employment, the weed coordinator ~~((shall obtain a pest control consultant license, a pesticide operator license))~~ must obtain licensure consistent with Washington state department of agriculture pesticide license rules, and the necessary endorsements on the licenses as required by law. Each board may purchase, rent, or lease equipment, facilities, or products and may hire additional persons as it deems necessary for the administration of the county's noxious weed control program.

(2) Each activated county noxious weed control board has the power to adopt rules and regulations, subject to notice and hearing

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as provided in ~~((chapters))~~ chapter 42.30 ~~((and 42.32))~~ RCW, as are necessary for an effective county weed control or eradication program.

(3) Each activated county noxious weed control board shall meet with a quorum at least quarterly.

**Sec. 5.** RCW 17.10.070 and 1998 c 245 s 3 are each amended to read as follows:

(1) In addition to the powers conferred on the state noxious weed control board under other provisions of this chapter, it has the power to:

(a) Employ a state noxious weed control board executive secretary and educational specialist, and additional persons as it deems necessary, to disseminate information relating to noxious weeds to county noxious weed control boards and weed districts, to coordinate the educational and weed control efforts of the various county and regional noxious weed control boards and weed districts, and to assist the board in carrying out its responsibilities;

(b) Adopt, amend, or repeal rules, pursuant to the administrative procedure act, chapter 34.05 RCW, as may be necessary to carry out the duties and authorities assigned to the board by this chapter.

(2) The state noxious weed control board ~~((shall))~~ must provide a written report before January 1st of each odd-numbered year to the county noxious weed control boards and the weed districts showing the expenditure of state funds on noxious weed control; specifically how the funds were spent; the status of the state, county, and district programs; and recommendations for the continued best use of state funds for noxious weed control. The report ~~((shall))~~ must include recommendations as to the long-term needs regarding weed control.

**Sec. 6.** RCW 17.10.074 and 1997 c 353 s 9 are each amended to read as follows:

(1) In addition to the powers conferred on the director under other provisions of this chapter, the director, with the advice of the state noxious weed control board, has power to:

(a) Require the county legislative authority or the noxious weed control board of any county or any weed district to report to it concerning the presence, absence, or estimated amount of noxious weeds and measures, if any, taken or planned for the control thereof;

(b) Employ staff as may be necessary in the administration of this chapter;

(c) Adopt, amend, or repeal rules, pursuant to the administrative procedure act, chapter 34.05 RCW, as may be necessary to carry out this chapter;

(d) Do such things as may be necessary and incidental to the administration of its functions pursuant to this chapter including but not limited to surveying for and detecting noxious weed infestations~~((;~~

~~((e)))~~.

(2) In addition to the powers conferred on the director under the provisions of this chapter, the director, with the advice of the state noxious weed control board, must:

(a) Upon receipt of a complaint signed by a majority of the members of an adjacent county noxious weed control board or weed district, or by one hundred registered voters that are land owners within the county, require the county legislative authority or noxious weed control board of the county or weed district that is the subject of the complaint to respond to the complaint within forty-five days with a plan for the control of the noxious weeds cited in the complaint;

~~((#))~~ (b) If the complaint in ~~((#))~~ (a) of this subsection involves a class A or class B noxious weed, order the county legislative authority, noxious weed control board, or weed district

to take immediate action to eradicate or control the noxious weed infestation. If the county or the weed district does not take action to control the noxious weed infestation in accordance with the order, the director may control it or cause it to be controlled. The county or weed district is liable for payment of the expense of the control work including necessary costs and expenses for attorneys' fees incurred by the director in securing payment from the county or weed district. The director may bring a civil action in a court of competent jurisdiction to collect the expenses of the control work, costs, and attorneys' fees;

~~((#))~~ (c) In counties without an activated noxious weed control board, enter upon any property as provided for in RCW 17.10.160, issue or cause to be issued notices and citations and take the necessary action to control noxious weeds as provided in RCW 17.10.170, hold hearings on any charge or cost of control action taken as provided for in RCW 17.10.180, issue a notice of civil infraction as provided for in RCW 17.10.230 ~~((and)),~~ 17.10.310 ~~((through and)),~~ and 17.10.350, and place a lien on any property pursuant to RCW 17.10.280, 17.10.290, and 17.10.300 with the same authorities and responsibilities imposed by these sections on county noxious weed control boards;

~~((#))~~ (d) Adopt a list of noxious weed seeds and toxic weeds which shall be controlled in designated articles, products, or feed stuffs as provided for in RCW 17.10.235.

~~((2))~~ (3) The moneys appropriated for noxious weed control to the department shall be used for administration of the state noxious weed control board, the administration of the director's powers under this chapter, the purchase of materials for controlling, containing, or eradicating noxious weeds, the purchase or collection of biological control agents for controlling noxious weeds, and the contracting for services to carry out the purposes of this chapter. In a county with an activated noxious weed control board, the director shall make every effort to contract with that board for the needed services.

~~((3))~~ (4) If the director determines the need to reallocate funds previously designated for county use, the director shall convene a meeting of the state noxious weed control board to seek its advice concerning any reallocation.

**Sec. 7.** RCW 17.10.100 and 1997 c 353 s 12 are each amended to read as follows:

Where any of the following occur, the state noxious weed control board ~~((may, following))~~ must hold a hearing, then may order any county noxious weed control board or weed district to include a noxious weed from the state board's list in the county's noxious weed list:

(1) Where the state noxious weed control board receives a petition from at least one hundred registered voters within the county requesting that the weed be listed.

(2) Where the state noxious weed control board receives a request for inclusion from an adjacent county's noxious weed control board or weed district, which the adjacent board or district has included that weed in its county or district list, and the adjacent board or weed district ~~((alleges))~~ documents that its noxious weed control program is being hampered by the failure to include the weed on the county's noxious weed list.

**Sec. 8.** RCW 17.10.140 and 1997 c 353 s 17 are each amended to read as follows:

(1) Except as is provided under subsection (2) of this section, every owner ~~((shall))~~ must perform or cause to be performed those acts as may be necessary to:

(a) Eradicate all class A noxious weeds;

(b) Control and prevent the spread of all class B noxious weeds designated for control in that region within and from the owner's property; and

(c) Control and prevent the spread of all class B and class C

noxious weeds listed on the county weed list as locally mandated control priorities within and from the owner's property.

(2) ~~((Forestlands))~~ Every owner of forestlands classified under RCW 17.10.240(2), or meeting the definition of forestlands contained in RCW 17.10.240, ~~((are subject to the requirements of subsection (1)(a) and (b) of this section at all times. Forestlands are subject to the requirements of subsection (1)(c) of this section only within a one thousand foot buffer strip of adjacent land uses. In addition, forestlands are subject to subsection (1)(c) of this section for))~~ must perform or cause to be performed those acts as may be necessary to:

(a) Eradicate all class A noxious weeds;

(b) Control and prevent the spread of all class B noxious weeds designated for control in that region within and from the owner's property; and

(c) Control and prevent the spread of all class B and class C noxious weeds listed on the county weed list as locally mandated control priorities within and from the owner's property only when encountered in any of the following enumerated circumstances:

(i) Within 1,000 feet of adjacent land uses;

(ii) Within 25 feet of all privately owned roads unless properly abandoned as defined under WAC 222-24-052 as that section existed as of January 1, 2020;

(iii) Within 200 feet of navigable rivers, gravel pits, log yards, and staging areas, except when not allowed under other state or federal laws or regulations; and

(iv) For a single five-year period within harvested areas following the harvesting of trees for ~~((lumber))~~ products.

**Sec. 9.** RCW 17.10.145 and 2019 c 353 s 4 are each amended to read as follows:

(1) All state agencies shall control noxious weeds on lands they own, lease, or otherwise control through integrated pest management practices. Agencies shall develop plans in cooperation with county noxious weed control boards to control noxious weeds in accordance with standards in this chapter. Agencies shall appoint a liaison whose duties include serving as a common point of contact for all weed boards and developing and implementing noxious weed control plans.

(2) All state agencies' lands must comply with this chapter, regardless of noxious weed control efforts on adjacent lands.

(3) While conducting planned projects to ensure compliance with this chapter, all agencies must give preference, when deemed appropriate by the acting agency for the project and targeted resource management goals, to replacing noxious weeds with native forage plants that are pollen-rich or nectar-rich and beneficial for all pollinators, including honey bees.

**Sec. 10.** RCW 17.10.205 and 1997 c 353 s 24 are each amended to read as follows:

Open areas subject to the spread of noxious weeds, including but not limited to subdivisions, school grounds, playgrounds, parks, and rights-of-way shall be subject to regulation ~~((by activated county noxious weed control boards))~~ in the same manner and to the same extent as is provided for all terrestrial and aquatic lands of the state.

**Sec. 11.** RCW 17.10.235 and 1997 c 353 s 26 are each amended to read as follows:

(1) The director of agriculture shall adopt, with the advice of the state noxious weed control board, rules designating noxious weed seeds which shall be controlled in products, screenings, or articles to prevent the spread of noxious weeds. The rules shall identify the products, screenings, and articles in which the seeds must be controlled and the maximum amount of the seed to be permitted in the product, screenings, or article to avoid a hazard of spreading the noxious weed by seed from the product, screenings, or article. The director shall also adopt, with the advice of the state board, rules designating toxic weeds which

shall be controlled in feed stuffs and screenings to prevent injury to the animal that consumes the feed. The rules shall identify the feed stuffs and screenings in which the toxic weeds must be controlled and the maximum amount of the toxic weed to be permitted in the feed. Rules developed under this section shall identify ways that products, screenings, articles, or feed stuffs containing noxious weed seeds or toxic weeds can be made available for beneficial uses.

(2) Any person who knowingly or negligently sells or otherwise distributes a product, article, screenings, or feed stuff designated by rule containing noxious weed seeds or toxic weeds designated for control by rule and in an amount greater than the amount established by the director for the seed or weed by rule is guilty of a misdemeanor.

(3) The department of agriculture shall, upon request of the buyer, county weed board, or weed district, inspect products, screenings, articles, or feed stuffs designated by rule and charge fees, in accordance with chapter 22.09 RCW, to determine the presence of designated noxious weed seeds or toxic weeds.

**Sec. 12.** RCW 17.10.240 and 1997 c 353 s 27 are each amended to read as follows:

(1)~~(a)~~ The activated county noxious weed control board of each county shall annually submit a budget to the county legislative authority for the operating cost of the county's weed program for the ensuing fiscal year: PROVIDED, That if the board finds the budget approved by the legislative authority is insufficient for an effective county noxious weed control program ~~((it shall petition the county legislative authority to hold a hearing as provided in RCW 17.10.890. Control of weeds is a benefit to the lands within any such section)),~~ the board may submit a budget amendment to the county legislative authority after which the county legislative authority must hold a hearing as provided in chapter 36.40 RCW. Activities and programs to limit economic loss and adverse effects due to the presence and spread of noxious weeds on all terrestrial and aquatic areas in the state are declared to be of special benefit, including to lands owned or held by the state, and may be used as the basis upon which special assessments are imposed by the county legislative authority.

(b) Representatives from the department of transportation government relations, real estate services, and maintenance operations offices, the Washington state association of county treasurers, the Washington state association of county assessors, and the state noxious weed control board shall meet to develop a system by which parcels owned or held by the department of transportation that have been declared to receive special benefit from the county noxious weed control board must be identified and all assessments may be effectively billed for payment according to the process in chapter 79.44 RCW. The parties shall update the appropriate legislative committees regarding progress towards implementation of a system before January 1, 2022. By January 1, 2023, the group shall report to the appropriate legislative committees in compliance with RCW 43.01.036 regarding the system developed, what steps are being taken to implement the system, and what, if any, further legislative action is needed.

(c) Funding for the budget is derived from any or all of the following:

~~((a))~~ (i) The county legislative authority may, in lieu of a tax, levy an assessment against the land for this purpose. Whenever there is included within the jurisdiction of any county noxious weed control board lands owned or held by the state, the county legislative authority shall determine the amount of the assessment for which the land would be liable if the land were in private ownership. Prior to the levying of an assessment the county noxious weed control board shall hold a public hearing at which it will gather information to serve as a basis for classification and

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then classify the lands into suitable classifications, including but not limited to dry lands, range lands, irrigated lands, nonuse lands, forestlands, or federal lands. The board shall develop and forward to the county legislative authority, as a proposed level of assessment for each class, an amount as seems just. The assessment rate shall be either uniform per acre in its respective class or a flat rate per parcel rate plus a uniform rate per acre or, for rights-of-way, a rate based on centerline miles: PROVIDED, That if no benefits are found to accrue to a class of land, a zero assessment may be levied. The assessment shall not be levied on lands owned or held by the state, unless the assessment is levied on other parcels or classes of parcels. The county legislative authority, upon receipt of the proposed levels of assessment from the board, after a hearing, shall accept or modify by resolution, or refer back to the board for its reconsideration all or any portion of the proposed levels of assessment. The amount of the assessment constitutes a lien against the property. The county legislative authority may by resolution or ordinance require that notice of the lien be sent to each owner of property for which the assessment has not been paid by the date it was due and that each lien created be collected by the treasurer in the same manner as delinquent real property tax, if within thirty days from the date the owner is sent notice of the lien, including the amount thereof, the lien remains unpaid and an appeal has not been made pursuant to RCW 17.10.180. Liens treated as delinquent taxes bear interest at the rate of twelve percent per annum and the interest accrues as of the date notice of the lien is sent to the owner: PROVIDED FURTHER, That any collections for the lien shall not be considered as tax; or

~~((b))~~ (ii) The county legislative authority may appropriate money from the county general fund necessary for the administration of the county noxious weed control program. In addition the county legislative authority may make emergency appropriations as it deems necessary for the implementation of this chapter.

(2) Forestlands used solely for the planting, growing, or harvesting of trees and which are typified, except during a single period of five years following clear-cut logging, by canopies so dense as to prohibit growth of an understory may be subject to an annual noxious weed assessment levied by a county legislative authority that does not exceed one-tenth of the weighted average per acre noxious weed assessment levied on all other lands in unincorporated areas within the county that are subject to the weed assessment. This assessment shall be computed in accordance with the formula in subsection (3) of this section.

(3) The calculation of the "weighted average per acre noxious weed assessment" is a ratio expressed as follows:

(a) The numerator is the total amount of funds estimated to be collected from the per acre assessment on all lands except (i) forestlands as identified in subsection (2) of this section, (ii) lands exempt from the noxious weed assessment, and (iii) lands located in an incorporated area.

(b) The denominator is the total acreage from which funds in (a) of this subsection are collected. For lands of less than one acre in size, the denominator calculation may be based on the following assumptions: (i) Unimproved lands are calculated as being one-half acre in size on the average, and (ii) improved lands are calculated as being one-third acre in size on the average. The county legislative authority may choose to calculate the denominator for lands of less than one acre in size using other assumptions about average parcel size based on local information.

(4) For those counties that levy a per parcel assessment to help fund noxious weed control programs, the per parcel assessment on forestlands as defined in subsection (2) of this section shall not exceed one-tenth of the per parcel assessment on nonforestlands.

**Sec. 13.** RCW 17.10.890 and 1997 c 353 s 32 are each amended to read as follows:

~~(The following procedures shall be followed to deactivate a county noxious weed control board)~~ A county noxious weed control board may be deactivated only if there are neither any class A noxious weeds nor any class B noxious weeds in the county. Upon receiving documentation of the absence in the county of both class A noxious weeds and class B noxious weeds, the county legislative authority may initiate the following procedures:

(1) The county legislative authority holds a hearing to determine whether there continues to be a need for an activated county noxious weed control board if:

(a) A petition is filed by one hundred registered voters within the county;

(b) A petition is filed by a county noxious weed control board as provided in RCW 17.10.240; or

(c) The county legislative authority passes a motion to hold such a hearing.

(2) Except as provided in subsection (4) of this section, the hearing shall be held within sixty days of final action taken under subsection (1) of this section.

(3) If, after a hearing, the county legislative authority determines that no need exists for a county noxious weed control board, due to the absence of class A or class B noxious weeds designated for control in the region, the county legislative authority shall deactivate the board.

(4) The county legislative authority shall not convene a hearing as provided for in subsection (1) of this section more frequently than once a year.

**Sec. 14.** RCW 17.04.240 and 1957 c 13 s 2 are each amended to read as follows:

(1) The directors shall annually determine the amount of money necessary to carry on the operations of the district and shall classify the property therein in proportion to the benefits to be derived from the operations of the district and in accordance with such classification shall prorate the cost so determined and shall levy assessments to be collected with the general taxes of the county. In the event that any bonded or warrant indebtedness pledging tax revenue of the district shall be outstanding on April 1, 1951, the directors may, for the sole purpose of retiring such indebtedness, continue to levy a tax upon all taxable property in the district until such bonded or warrant indebtedness shall have been retired.

(2) Activities and programs to limit economic loss and adverse effects due to the presence and spread of noxious weeds on all terrestrial and aquatic areas in the state are declared to be of special benefit, including to lands owned or held by the state, and may be used as the basis upon which special assessments are imposed by the county legislative authority, including upon lands owned or held by the state.

**Sec. 15.** RCW 79.44.003 and 1999 c 153 s 68 are each amended to read as follows:

As used in this chapter "assessing district" means:

(1) Incorporated cities and towns;

(2) Diking districts;

(3) Drainage districts;

(4) Port districts;

(5) Irrigation districts;

(6) Water-sewer districts;

(7) Counties; ~~(and)~~

(8) Weed boards and weed districts; and

(9) Any municipal corporation or public agency having power to levy local improvement or other assessments, rates, or charges which by statute are expressly made applicable to lands of the

state.

**Sec. 16.** RCW 17.04.180 and 1991 c 245 s 1 are each amended to read as follows:

Whenever any lands belonging to the county are included within a weed district, the county legislative authority shall determine the amount of the ~~((taxes))~~ assessment for which the lands would be liable if they were in private ownership, and the county legislative authority shall appropriate from the current expense fund of the county sufficient money to pay such amounts. Whenever any state lands are within any weed district, the county treasurer shall certify annually and forward to the appropriate state agency for payment a statement showing the amount of the ~~((tax))~~ assessment to which the lands would be liable if they were in private ownership, separately describing each lot or parcel and, if delinquent, with interest and penalties consistent with RCW 84.56.020.

**Sec. 17.** RCW 17.15.020 and 2015 c 225 s 16 are each amended to read as follows::

Each of the following state agencies or institutions shall implement integrated pest management practices when carrying out the agency's or institution's duties related to pest control:

- (1) The department of agriculture;
- (2) The state noxious weed control board;
- (3) The department of ecology;
- (4) The department of fish and wildlife;
- (5) The department of transportation;
- (6) The parks and recreation commission;
- (7) The department of natural resources;
- (8) The department of corrections;
- (9) The department of enterprise services; ~~((and))~~
- (10) Each state institution of higher education, for the institution's own building and grounds maintenance;
- (11) Each county noxious weed control board; and
- (12) Each weed district."

On page 1, line 1 of the title, after "weeds;" strike the remainder of the title and insert "and amending RCW 17.10.010, 17.10.030, 17.10.050, 17.10.060, 17.10.070, 17.10.074, 17.10.100, 17.10.140, 17.10.145, 17.10.205, 17.10.235, 17.10.240, 17.10.890, 17.04.240, 79.44.003, 17.04.180, and 17.15.020."

#### MOTION

Senator Warnick moved that the following floor amendment no. 653 by Senator Warnick be adopted:

On page 12, line 6, after "The" strike "parties" and insert "state noxious weed control board"

On page 12, line 8, after "the" strike "group" and insert "state noxious weed control board"

On page 16, line 12, after "institutions" insert "or county agencies"

Senator Warnick spoke in favor of adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of floor amendment no. 653 by Senator Warnick on page 12, line 6 to the committee striking amendment.

The motion by Senator Warnick carried and floor amendment no. 653 was adopted by voice vote.

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means as amended to Substitute House Bill No. 1355.

The motion by Senator Warnick carried and the committee striking amendment as amended was adopted by voice vote.

#### MOTION

On motion of Senator Warnick, the rules were suspended, Substitute House Bill No. 1355, as amended by the Senate, was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Warnick spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1355 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1355, as amended by the Senate, and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Darneille, Das, Dhingra, Dozier, Ericksen, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Hobbs, Holy, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Robinson, Rolfes, Saldaña, Salomon, Schoesler, Sheldon, Short, Stanford, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senators Honeyford and McCune

SUBSTITUTE HOUSE BILL NO. 1355, as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

At 10:42 p.m., on motion of Senator Liias, the Senate adjourned until 11:00 o'clock a.m. Friday, April 9, 2021.

DENNY HECK, President of the Senate

BRAD HENDRICKSON, Secretary of the Senate

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