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**HOUSE BILL 1904**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** Representative Walsh

Prefiled 12/06/23.

1 AN ACT Relating to using climate commitment act revenues to pay  
2 for hybrid electric ferries; amending RCW 70A.65.240 and 70A.65.260;  
3 reenacting and amending RCW 70A.65.250; creating a new section; and  
4 declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** The Washington state ferries has been  
7 reported as the state agency with the highest amount of greenhouse  
8 gas emissions. The greenhouse gas reduction strategy is to transition  
9 the ferry system to hybrid electric ferries. The climate commitment  
10 act includes reference to revenues being used to pay for electric  
11 ferries. The revenues from the climate commitment act in 2023 far  
12 exceeded the amounts forecasted. In addition, the costs to transition  
13 Washington's ferry fleet to hybrid electric power are projected to  
14 cost hundreds of millions more per vessel and associated hookups than  
15 using a traditional internal combustion engine. The legislature finds  
16 that transition to electrification of the public ferry fleets is a  
17 priority for the health and well-being of the people and sealife  
18 living in Washington and Washington waters. Therefore, the  
19 legislature finds that all costs associated with building hybrid  
20 electric ferries and their associated infrastructure must be paid for  
21 using climate commitment act revenues.

1       **Sec. 2.** RCW 70A.65.240 and 2022 c 182 s 101 are each amended to  
2 read as follows:

3       (1) The carbon emissions reduction account is created in the  
4 state treasury. Moneys in the account may be spent only after  
5 appropriation. Expenditures from the account are intended to affect  
6 reductions in transportation sector carbon emissions through a  
7 variety of carbon reducing investments. These can include, but are  
8 not limited to: Transportation alternatives to single occupancy  
9 passenger vehicles; reductions in single occupancy passenger vehicle  
10 miles traveled; reductions in per mile emissions in vehicles,  
11 including through the funding of alternative fuel infrastructure and  
12 incentive programs; and emission reduction programs for freight  
13 transportation, including motor vehicles and rail, as well as for  
14 ferries and other maritime and port activities. Expenditures from the  
15 account may only be made for transportation carbon emission reducing  
16 purposes and may not be made for highway purposes authorized under  
17 the 18th Amendment of the Washington state Constitution, other than  
18 specified in this section, and shall be made in accordance with  
19 subsection (2) of this section. It is the legislature's intent that  
20 expenditures from the account used to reduce carbon emissions be made  
21 with the goal of achieving equity for communities that historically  
22 have been omitted or adversely impacted by past transportation  
23 policies and practices.

24       (2) Appropriations in an omnibus transportation appropriations  
25 act from the carbon emissions reduction account shall be made  
26 exclusively to fund the following activities:

- 27       (a) Active transportation;  
28       (b) Transit programs and projects;  
29       (c) Alternative fuel and electrification;  
30       (d) ~~((Ferries))~~ All aspects of ferry vessel construction and  
31 supporting electrification infrastructure; and  
32       (e) Rail.

33       **Sec. 3.** RCW 70A.65.250 and 2023 c 475 s 938 and 2023 c 435 s 12  
34 are each reenacted and amended to read as follows:

35       (1)(a) The climate investment account is created in the state  
36 treasury. Except as otherwise provided in chapter 316, Laws of 2021,  
37 all receipts from the auction of allowances authorized in this  
38 chapter must be deposited into the account. Moneys in the account may  
39 be spent only after appropriation.

1 (b) Projects or activities funded from the account must meet high  
2 labor standards, including family sustaining wages, providing  
3 benefits including health care and employer-contributed retirement  
4 plans, career development opportunities, and maximize access to  
5 economic benefits from such projects for local workers and diverse  
6 businesses. Each contracting entity's proposal must be reviewed for  
7 equity and opportunity improvement efforts, including: (i) Employer  
8 paid sick leave programs; (ii) pay practices in relation to living  
9 wage indicators such as the federal poverty level; (iii) efforts to  
10 evaluate pay equity based on gender identity, race, and other  
11 protected status under Washington law; (iv) facilitating career  
12 development opportunities, such as apprenticeship programs,  
13 internships, job-shadowing, and on-the-job training; and (v)  
14 employment assistance and employment barriers for justice affected  
15 individuals.

16 (2) Moneys in the account may be used only for projects and  
17 programs that achieve the purposes of the greenhouse gas emissions  
18 cap and invest program established under this chapter and for tribal  
19 capacity grants under RCW 70A.65.305. Moneys in the account as  
20 described in this subsection must first be appropriated for the  
21 administration of the requirements of this chapter, in an amount not  
22 to exceed five percent of the total receipt of funds from allowance  
23 auction proceeds under this chapter. Beginning July 1, 2023, and  
24 annually thereafter, the state treasurer shall distribute funds in  
25 the account that exceed the amounts appropriated for the purposes of  
26 this subsection (2) as follows:

27 (a) Seventy-five percent of the moneys to the climate commitment  
28 account created in RCW 70A.65.260; and

29 (b) Twenty-five percent of the moneys to the natural climate  
30 solutions account created in RCW 70A.65.270.

31 (3) The allocations specified in subsection (2)(a) and (b) of  
32 this section must be reviewed by the legislature on a biennial basis  
33 based on the changing needs of the state in meeting its clean economy  
34 and greenhouse gas reduction goals in a timely, economically  
35 advantageous, and equitable manner.

36 (4) During the 2023-2025 fiscal biennium, the legislature may  
37 direct the state treasurer to make transfers of moneys in the climate  
38 investment account to the carbon emissions reduction account, the  
39 climate commitment account, and the natural climate solutions  
40 account.

1 (5) Moneys in this account must be used for the Washington state  
2 department of transportation to design, purchase, and construct  
3 hybrid electric ferry vessels and install associated and necessary  
4 infrastructure for operation of such ferries.

5 **Sec. 4.** RCW 70A.65.260 and 2023 c 475 s 939 are each amended to  
6 read as follows:

7 (1) The climate commitment account is created in the state  
8 treasury. The account must receive moneys distributed to the account  
9 from the climate investment account created in RCW 70A.65.250. Moneys  
10 in the account may be spent only after appropriation. Projects,  
11 activities, and programs eligible for funding from the account must  
12 be physically located in Washington state and include, but are not  
13 limited to, the following:

14 (a) Implementing the working families' tax credit in RCW  
15 82.08.0206;

16 (b) Supplementing the growth management planning and  
17 environmental review fund established in RCW 36.70A.490 for the  
18 purpose of making grants or loans to local governments for the  
19 purposes set forth in RCW 43.21C.240, 43.21C.031, 36.70A.500, and  
20 36.70A.600, for costs associated with RCW 36.70A.610, and to cover  
21 costs associated with the adoption of optional elements of  
22 comprehensive plans consistent with RCW 43.21C.420;

23 (c) Programs, activities, or projects that reduce and mitigate  
24 impacts from greenhouse gases and copollutants in overburdened  
25 communities, including strengthening the air quality monitoring  
26 network to measure, track, and better understand air pollution levels  
27 and trends and to inform the analysis, monitoring, and pollution  
28 reduction measures required in RCW 70A.65.020;

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

33 (e) Programs, activities, or projects that increase the energy  
34 efficiency or reduce greenhouse gas emissions of industrial  
35 facilities including, but not limited to, proposals to implement  
36 combined heat and power, district energy, or on-site renewables, such  
37 as solar and wind power, to upgrade the energy efficiency of existing  
38 equipment, to reduce process emissions, and to switch to less  
39 emissions intensive fuel sources;

1 (f) Programs, activities, or projects that achieve energy  
2 efficiency or emissions reductions in the agricultural sector  
3 including:

4 (i) Fertilizer management;

5 (ii) Soil management;

6 (iii) Bioenergy;

7 (iv) Biofuels;

8 (v) Grants, rebates, and other financial incentives for  
9 agricultural harvesting equipment, heavy duty trucks, agricultural  
10 pump engines, tractors, and other equipment used in agricultural  
11 operations;

12 (vi) Grants, loans, or any financial incentives to food  
13 processors to implement projects that reduce greenhouse gas  
14 emissions;

15 (vii) Renewable energy projects;

16 (viii) Farmworker housing weatherization programs;

17 (ix) Dairy digester research and development;

18 (x) Alternative manure management; and

19 (xi) Eligible fund uses under RCW 89.08.615;

20 (g) Programs, activities, or projects that increase energy  
21 efficiency in new and existing buildings, or that promote low carbon  
22 architecture, including use of newly emerging alternative building  
23 materials that result in a lower carbon footprint in the built  
24 environment over the life cycle of the building and component  
25 building materials;

26 (h) Programs, activities, or projects that promote the  
27 electrification and decarbonization of new and existing buildings,  
28 including residential, commercial, and industrial buildings;

29 (i) Programs, activities, or projects that improve energy  
30 efficiency, including district energy, and investments in market  
31 transformation of high efficiency electric appliances and equipment  
32 for space and water heating;

33 (j) Clean energy transition and assistance programs, activities,  
34 or projects that assist affected workers or people with lower incomes  
35 during the transition to a clean energy economy, or grow and expand  
36 clean manufacturing capacity in communities across Washington state  
37 including, but not limited to:

38 (i) Programs, activities, or projects that directly improve  
39 energy affordability and reduce the energy burden of people with  
40 lower incomes, as well as the higher transportation fuel burden of

1 rural residents, such as bill assistance, energy efficiency, and  
2 weatherization programs;

3 (ii) Community renewable energy projects that allow qualifying  
4 participants to own or receive the benefits of those projects at  
5 reduced or no cost;

6 (iii) Programs, activities, or other worker-support projects for  
7 bargaining unit and nonsupervisory fossil fuel workers who are  
8 affected by the transition away from fossil fuels to a clean energy  
9 economy. Worker support may include, but is not limited to: (A) Full  
10 wage replacement, health benefits, and pension contributions for  
11 every worker within five years of retirement; (B) full wage  
12 replacement, health benefits, and pension contributions for every  
13 worker with at least one year of service for each year of service up  
14 to five years of service; (C) wage insurance for up to five years for  
15 workers reemployed who have more than five years of service; (D) up  
16 to two years of retraining costs, including tuition and related  
17 costs, based on in-state community and technical college costs; (E)  
18 peer counseling services during transition; (F) employment placement  
19 services, prioritizing employment in the clean energy sector; and (G)  
20 relocation expenses;

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

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

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

28 (v) Transportation, municipal service delivery, and technology  
29 investments that increase a community's capacity for clean  
30 manufacturing, with an emphasis on communities in greatest need of  
31 job creation and economic development and potential for commute  
32 reduction, including island communities that are reliant on the  
33 Washington state ferries for transportation and in support of  
34 projects that transition the Washington state ferries to have ferries  
35 that can be electrically charged;

36 (k) Programs, activities, or projects that reduce emissions from  
37 landfills and waste-to-energy facilities through diversion of organic  
38 materials, methane capture or conversion strategies, installation of  
39 gas collection devices and gas control systems, monitoring and  
40 reporting of methane emissions, or other means, prioritizing funding

1 needed for any activities by local governments to comply with chapter  
2 70A.540 RCW;

3 (1) Carbon dioxide removal projects, programs, and activities;  
4 and

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

12 (2) Moneys in the account may not be used for projects or  
13 activities that would violate tribal treaty rights or result in  
14 significant long-term damage to critical habitat or ecological  
15 functions. Investments from this account must result in long-term  
16 environmental benefits and increased resilience to the impacts of  
17 climate change.

18 (3) During the 2023-2025 fiscal biennium, the legislature may  
19 appropriate moneys from the climate commitment account for activities  
20 related to environmental justice, including implementation of chapter  
21 314, Laws of 2021.

22 NEW SECTION. **Sec. 5.** This act is necessary for the immediate  
23 preservation of the public peace, health, or safety, or support of  
24 the state government and its existing public institutions, and takes  
25 effect immediately.

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