
HOUSE BILL 1823

State of Washington

67th Legislature

2022 Regular Session

By Representative Dye

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1 AN ACT Relating to environmental leadership through outdoor
2 recreation and climate adaptation investments; amending RCW
3 70A.65.240, 70A.65.270, 70A.65.030, 70A.65.040, 70A.65.100,
4 70A.65.230, and 70A.65.250; creating a new section; and repealing
5 RCW 70A.65.260.

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

7 NEW SECTION. **Sec. 1.** The legislature intends for the revenue
8 from the climate commitment act to fund outdoor recreation and
9 climate adaptation. Climate change impacts in Washington state are
10 forecast to include an increasing number of hotter days, reduced
11 snowpack, higher winter streamflows, lower summer streamflows, and
12 sea level rise. The results will include more flooding, more drought,
13 and more wildfire risk. The results will also include fewer outdoor
14 recreation opportunities. In 2021 alone, all public lands east of the
15 Cascade mountains were closed for two months to public recreation use
16 due to extreme fire danger. These impacts are occurring and will
17 continue to occur because of previous greenhouse gas emissions.

18 The realities in the global economy indicate continued growth in
19 manufacturing and energy demand in both China and India. Their
20 populations dwarf ours in Washington and their energy grids are
21 largely dependent on fossil fuels. Today, China is responsible for 27

1 percent of all global emissions. Importantly, Washington's emissions
2 footprint is only .01 percent of China's emissions. A recently
3 published study by researchers at the University of Washington found
4 that even if all countries meet their promises under the Paris
5 agreement and continue to reduce emissions at the same rate
6 thereafter, it is unlikely that warming would stay under 2 degrees
7 Celsius. In short, even if Washington state eliminated our greenhouse
8 gas emissions immediately, we will experience climate change impacts.

9 Therefore, the legislature considers it to be in the long-term
10 interest of Washington residents to focus available resources from
11 the carbon emission allowance auctions that will occur under the cap-
12 and-trade program toward practical environmental stewardship and
13 enhanced and more equitable outdoor recreation opportunity. In 2009,
14 the legislature formally recognized the need to prepare for a
15 changing climate and directed state agencies to develop an integrated
16 climate response strategy to recommend to the legislature (section
17 10, chapter 519, Laws of 2009). To a great extent, those recommended
18 strategies can be consolidated and organized into programs to benefit
19 climate adaptation and outdoor recreation. The legislature now
20 resolves to reprioritize the climate commitment act revenue toward
21 those purposes.

22 **Sec. 2.** RCW 70A.65.240 and 2021 c 316 s 27 are each amended to
23 read as follows:

24 The (~~carbon emissions reduction~~) outdoor recreation and climate
25 adaptation account is created in the state treasury. Moneys in the
26 account may be spent only after appropriation. Expenditures from the
27 account are intended (~~to affect reductions in transportation sector~~
28 ~~carbon emissions through a variety of carbon reducing investments.~~
29 ~~These can include, but are not limited to: Transportation~~
30 ~~alternatives to single occupancy passenger vehicles; reductions in~~
31 ~~single occupancy passenger vehicle miles traveled; reductions in per~~
32 ~~mile emissions in vehicles, including through the funding of~~
33 ~~alternative fuel infrastructure and incentive programs; and emission~~
34 ~~reduction programs for freight transportation, including motor~~
35 ~~vehicles and rail, as well as for ferries and other maritime and port~~
36 ~~activities. Expenditures from the account may only be made for~~
37 ~~transportation carbon emission reducing purposes and may not be made~~
38 ~~for highway purposes authorized under the 18th Amendment of the~~
39 ~~Washington state Constitution, other than specified in this section.~~

1 ~~It is the legislature's intent that expenditures from the account~~
2 ~~used to reduce carbon emissions be made with the goal of achieving~~
3 ~~equity for communities that historically have been omitted or~~
4 ~~adversely impacted by past transportation policies and practices)) to~~
5 enhance outdoor recreation and to contribute to climate change
6 adaptation by investing in forest health, drought resilience, flood
7 risk mitigation, and Puget Sound recovery and water quality. The
8 criteria of RCW 70A.65.250(1)(b) apply to expenditures from the
9 outdoor recreation and climate adaptation account. Moneys in the
10 account must be used for the following purposes:

11 (1) Forest health investments that contribute to climate change
12 adaptation. Funding under this subsection must be used:

13 (a) To address long-term forest health and the reduction of
14 wildfire dangers. In recognition of the significant greenhouse gas
15 emissions from wildfires as calculated by the department of natural
16 resources consistent with RCW 70A.45.020, and the statewide air
17 quality impacts associated with wildfires, the state treasurer must
18 transfer a total of \$125,000,000 each biennium, in installments of
19 \$15,625,000 on July 1st, October 1st, January 1st, and April 1st of
20 each year, from the account created in this section into the wildfire
21 response, forest restoration, and community resilience account
22 established in RCW 76.04.511 to carry out the purposes of chapter
23 298, Laws of 2021;

24 (b) For grants and loans to small forestland owners for
25 activities that increase carbon sequestration;

26 (c) For purposes of the forestry riparian easement program
27 established in RCW 76.13.120;

28 (d) For the purposes of the family forest fish passage program,
29 created pursuant to RCW 76.13.150; or

30 (e) To provide grants under a new grant program that invests in
31 the institutions and infrastructure that make timber and farming
32 towns sustainable and vibrant. The new grant program must be
33 administered by the community economic revitalization board;

34 (2) Drought resilience investments that contribute to climate
35 change adaptation. Funding under this subsection must be transferred
36 to the state drought preparedness and response account established in
37 RCW 43.83B.430;

38 (3) Flood risk mitigation investments that contribute to climate
39 change adaptation. Funding under this subsection must be used to:

1 (a) Reduce flood damage and improve aquatic species' habitat in
2 the basins most at risk of catastrophic flooding;

3 (b) Fund established flood control authorities to improve
4 floodplains and flood protection infrastructure; or

5 (c) Fund sustainable water supply projects that will secure the
6 agricultural industry against the risks of a changing climate;

7 (4) Puget Sound water quality investments, including assistance
8 to regulated entities for upgrading pollution controls required by
9 state permits;

10 (5) Outdoor recreation enhancement and amenities, including the
11 support and expansion of state and local outdoor recreation programs,
12 activities, and infrastructure funded through the state parks and
13 recreation commission, department of fish and wildlife, department of
14 natural resources, and the recreation and conservation office;

15 (6) Grants to support marinas in compliance with the environment
16 protecting measures in aquatic lands permits;

17 (7) Grants for the replacement or addition of buoys at locations
18 that appropriately balance environmental protection and the needs of
19 on-water recreation;

20 (8) Grants to improve equitable access to local trails and
21 connectivity of local trails to parks and regional trail networks;

22 (9) Salmon-safe community investments that measure and reduce the
23 impact of urban heat island effects on salmon and have benefits of
24 energy conservation and improved equity in human health as described
25 in House Bill No. 1211 (salmon-safe communities); and

26 (10) Any of the purposes specified in RCW 70A.65.270(2).

27 **Sec. 3.** RCW 70A.65.270 and 2021 c 316 s 30 are each amended to
28 read as follows:

29 (1) The natural climate solutions account is created in the state
30 treasury. All moneys directed to the account from the climate
31 investment account created in RCW 70A.65.250 must be deposited in the
32 account. Moneys in the account may be spent only after appropriation.
33 Moneys in the account are intended to increase the resilience of the
34 state's waters, forests, and other vital ecosystems to the impacts of
35 climate change, conserve working forestlands at risk of conversion,
36 and increase their carbon pollution reduction capacity through
37 sequestration, storage, and overall system integrity. Moneys in the
38 account must be spent in a manner that is consistent with existing
39 and future assessments of climate risks and resilience from the

1 scientific community and expressed concerns of and impacts to
2 overburdened communities.

3 (2) Moneys in the account may be allocated for the following
4 purposes:

5 (a) Clean water investments that improve resilience from climate
6 impacts. Funding under this subsection (2)(a) must be used to:

7 (i) Restore and protect estuaries, fisheries, and marine
8 shoreline habitats and prepare for sea level rise including, but not
9 limited to, making fish passage correction investments such as those
10 identified in the cost-share barrier removal program for small
11 forestland owners created in RCW 76.13.150 and those that are
12 considered by the fish passage barrier removal board created in RCW
13 77.95.160;

14 (ii) Increase carbon storage in the ocean or aquatic and coastal
15 ecosystems;

16 (iii) Increase the ability to remediate and adapt to the impacts
17 of ocean acidification;

18 (iv) Reduce flood risk and restore natural floodplain ecological
19 function;

20 (v) Increase the sustainable supply of water and improve aquatic
21 habitat, including groundwater mapping and modeling;

22 (vi) Improve infrastructure treating stormwater from previously
23 developed areas within an urban growth boundary designated under
24 chapter 36.70A RCW, with a preference given to projects that use
25 green stormwater infrastructure;

26 (vii) Either preserve or increase, or both, carbon sequestration
27 and storage benefits in forests, forested wetlands, agricultural
28 soils, tidally influenced agricultural or grazing lands, or
29 freshwater, saltwater, or brackish aquatic lands; or

30 (viii) Either preserve or establish, or both, carbon
31 sequestration by protecting or planting trees in marine shorelines
32 and freshwater riparian areas sufficient to promote climate
33 resilience, protect cold water fisheries, and achieve water quality
34 standards;

35 (b) Healthy forest investments to improve resilience from climate
36 impacts. Funding under this subsection (2)(b) must be used for
37 projects and activities that will:

38 (i) Increase forest and community resilience to wildfire in the
39 face of increased seasonal temperatures and drought;

1 (ii) Improve forest health and reduce vulnerability to changes in
2 hydrology, insect infestation, and other impacts of climate change;
3 or

4 (iii) Prevent emissions by preserving natural and working lands
5 from the threat of conversion to development or loss of critical
6 habitat, through actions that include, but are not limited to, the
7 creation of new conservation lands, community forests, or increased
8 support to small forestland owners through assistance programs
9 including, but not limited to, the forest riparian easement program
10 and the family forest fish passage program. It is the intent of the
11 legislature that not less than \$10,000,000 be expended each biennium
12 for the forestry riparian easement program created in chapter 76.13
13 RCW or for riparian easement projects funded under the agricultural
14 conservation easements program established under RCW 89.08.530, or
15 similar riparian enhancement programs; and

16 (c) Any of the purposes specified in RCW 70A.65.240.

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

22 **Sec. 4.** RCW 70A.65.030 and 2021 c 316 s 4 are each amended to
23 read as follows:

24 (1) Each year or biennium, as appropriate, when allocating funds
25 from the ((~~carbon emissions reduction~~)) outdoor recreation and
26 climate adaptation account created in RCW 70A.65.240, the climate
27 investment account created in RCW 70A.65.250, or the air quality and
28 health disparities improvement account created in RCW 70A.65.280, or
29 administering grants or programs funded by the accounts, agencies
30 shall conduct an environmental justice assessment consistent with the
31 requirements of RCW 70A.02.060 and establish a minimum of not less
32 than 35 percent and a goal of 40 percent of total investments that
33 provide direct and meaningful benefits to vulnerable populations
34 within the boundaries of overburdened communities through: (a) The
35 direct reduction of environmental burdens in overburdened
36 communities; (b) the reduction of disproportionate, cumulative risk
37 from environmental burdens, including those associated with climate
38 change; (c) the support of community led project development,
39 planning, and participation costs; or (d) meeting a community need

1 identified by the community that is consistent with the intent of
2 this chapter or RCW 70A.02.010.

3 (2) The allocation of funding under subsection (1) of this
4 section must adhere to the following principles, additional to the
5 requirements of RCW 70A.02.080: (a) Benefits and programs should be
6 directed to areas and targeted to vulnerable populations and
7 overburdened communities to reduce statewide disparities; (b)
8 investments and benefits should be made roughly proportional to the
9 health disparities that a specific community experiences, with a goal
10 of eliminating the disparities; (c) investments and programs should
11 focus on creating environmental benefits, including eliminating
12 health burdens, creating community and population resilience, and
13 raising the quality of life of those in the community; and (d)
14 efforts should be made to balance investments and benefits across the
15 state and within counties, local jurisdictions, and unincorporated
16 areas as appropriate to reduce disparities by location and to ensure
17 efforts contribute to a reduction in disparities that exist based on
18 race or ethnicity, socioeconomic status, or other factors.

19 (3) State agencies allocating funds or administering grants or
20 programs from the (~~carbon emissions reduction~~) outdoor recreation
21 and climate adaptation account created in RCW 70A.65.240, the climate
22 investment account created in RCW 70A.65.250, or the air quality and
23 health disparities improvement account created in RCW 70A.65.280,
24 must:

25 (a) Report annually to the environmental justice council created
26 in RCW 70A.02.110 regarding progress toward meeting environmental
27 justice and environmental health goals;

28 (b) Consider recommendations by the environmental justice
29 council; and

30 (c)(i) If the agency is not a covered agency subject to the
31 requirements of chapter 314, Laws of 2021, create and adopt a
32 community engagement plan to describe how it will engage with
33 overburdened communities and vulnerable populations in allocating
34 funds or administering grants or programs from the climate investment
35 account.

36 (ii) The plan must include methods for outreach and communication
37 with those who face barriers, language or otherwise, to
38 participation.

1 **Sec. 5.** RCW 70A.65.040 and 2021 c 316 s 5 are each amended to
2 read as follows:

3 (1) The environmental justice council created in RCW 70A.02.110
4 must provide recommendations to the legislature, agencies, and the
5 governor in the development and implementation of the program
6 established in RCW 70A.65.060 through 70A.65.210, and the programs
7 funded from the ((~~carbon emissions reduction~~)) outdoor recreation and
8 climate adaptation account created in RCW 70A.65.240 and from the
9 climate investment account created in RCW 70A.65.250.

10 (2) In addition to the duties and authorities granted in chapter
11 70A.02 RCW to the environmental justice council, the environmental
12 justice council must:

13 (a) Provide recommendations to the legislature, agencies, and the
14 governor in the development of:

15 (i) The program established in RCW 70A.65.060 through 70A.65.210
16 including, but not limited to, linkage with other jurisdictions,
17 protocols for establishing offset projects and securing offset
18 credits, designation of emissions-intensive and trade-exposed
19 industries under RCW 70A.65.110, and administration of allowances
20 under the program; and

21 (ii) Investment plans and funding proposals for the programs
22 funded from the climate investment account created in RCW 70A.65.250
23 for the purpose of providing environmental benefits and reducing
24 environmental health disparities within overburdened communities;

25 (b) Provide a forum to analyze policies adopted under this
26 chapter to determine if the policies lead to improvements within
27 overburdened communities;

28 (c) Recommend procedures and criteria for evaluating programs,
29 activities, or projects;

30 (d) Recommend copollutant emissions reduction goals in
31 overburdened communities;

32 (e) Evaluate the level of funding provided to assist vulnerable
33 populations, low-income individuals, and impacted workers and the
34 funding of projects and activities located within or benefiting
35 overburdened communities;

36 (f) Recommend environmental justice and environmental health
37 goals for programs, activities, and projects funded from the climate
38 investment account, and review agency annual reports on outcomes and
39 progress toward meeting these goals;

1 (g) Provide recommendations to implementing agencies for
2 meaningful consultation with vulnerable populations, including
3 community engagement plans under RCW 70A.65.020 and 70A.65.030; and

4 (h) Recommend how to support public participation through
5 capacity grants for participation.

6 (3) For the purpose of performing the duties under subsection (2)
7 of this section, two additional tribal members are added to the
8 council.

9 **Sec. 6.** RCW 70A.65.100 and 2021 c 316 s 12 are each amended to
10 read as follows:

11 (1) Except as provided in RCW 70A.65.110, 70A.65.120, and
12 70A.65.130, the department shall distribute allowances through
13 auctions as provided in this section and in rules adopted by the
14 department to implement these sections. An allowance is not a
15 property right.

16 (2)(a) The department shall hold a maximum of four auctions
17 annually, plus any necessary reserve auctions. An auction may include
18 allowances from the annual allowance budget of the current year and
19 allowances from the annual allowance budgets from prior years that
20 remain to be distributed. The department must transmit to the
21 environmental justice council an auction notice at least 60 days
22 prior to each auction, as well as a summary results report and a
23 postauction public proceeds report within 60 days after each auction.
24 The department must communicate the results of the previous calendar
25 year's auctions to the environmental justice council on an annual
26 basis beginning in 2024.

27 (b) The department must make future vintage allowances available
28 through parallel auctions at least twice annually in addition to the
29 auctions through which current vintage allowances are exclusively
30 offered under (a) of this subsection.

31 (3) The department shall engage a qualified, independent
32 contractor to run the auctions. The department shall also engage a
33 qualified financial services administrator to hold the bid
34 guarantees, evaluate bid guarantees, and inform the department of the
35 value of bid guarantees once the bids are accepted.

36 (4) Auctions are open to covered entities, opt-in entities, and
37 general market participants that are registered entities in good
38 standing. The department shall adopt by rule the requirements for a
39 registered entity to register and participate in a given auction.

1 (a) Registered entities intending to participate in an auction
2 must submit an application to participate at least 30 days prior to
3 the auction. The application must include the documentation required
4 for review and approval by the department. A registered entity is
5 eligible to participate only after receiving a notice of approval by
6 the department.

7 (b) Each registered entity that elects to participate in the
8 auction must have a different representative. Only a representative
9 with an approved auction account is authorized to access the auction
10 platform to submit an application or confirm the intent to bid for
11 the registered entity, submit bids on behalf of the registered entity
12 during the bidding window, or to download reports specific to the
13 auction.

14 (5) The department may require a bid guarantee, payable to the
15 financial services administrator, in an amount greater than or equal
16 to the sum of the maximum value of the bids to be submitted by the
17 registered entity.

18 (6) To protect the integrity of the auctions, a registered entity
19 or group of registered entities with a direct corporate association
20 are subject to auction purchase and holding limits. The department
21 may impose additional limits if it deems necessary to protect the
22 integrity and functioning of the auctions:

23 (a) A covered entity or an opt-in entity may not buy more than 10
24 percent of the allowances offered during a single auction;

25 (b) A general market participant may not buy more than four
26 percent of the allowances offered during a single auction and may not
27 in aggregate own more than 10 percent of total allowances to be
28 issued in a calendar year;

29 (c) No registered entity may buy more than the entity's bid
30 guarantee; and

31 (d) No registered entity may buy allowances that would exceed the
32 entity's holding limit at the time of the auction.

33 (7)(a) For fiscal year 2023, upon completion and verification of
34 the auction results, the financial services administrator shall
35 notify winning bidders and transfer the auction proceeds to the state
36 treasurer for deposit as follows: (i) \$127,341,000 must first be
37 deposited into the (~~carbon emissions reduction~~) outdoor recreation
38 and climate adaptation account created in RCW 70A.65.240; and (ii)
39 the remaining auction proceeds to the climate investment account

1 created in RCW 70A.65.250 and the air quality and health disparities
2 improvement account created in RCW 70A.65.280.

3 (b) For fiscal year 2024, upon completion and verification of the
4 auction results, the financial services administrator shall notify
5 winning bidders and transfer the auction proceeds to the state
6 treasurer for deposit as follows: (i) \$356,697,000 must first be
7 deposited into the ((~~carbon emissions reduction~~)) outdoor recreation
8 and climate adaptation account created in RCW 70A.65.240; and (ii)
9 the remaining auction proceeds to the climate investment account
10 created in RCW 70A.65.250 and the air quality and health disparities
11 improvement account created in RCW 70A.65.280.

12 (c) For fiscal year 2025, upon completion and verification of the
13 auction results, the financial services administrator shall notify
14 winning bidders and transfer the auction proceeds to the state
15 treasurer for deposit as follows: (i) \$366,558,000 must first be
16 deposited into the ((~~carbon emissions reduction~~)) outdoor recreation
17 and climate adaptation account created in RCW 70A.65.240; and (ii)
18 the remaining auction proceeds to the climate investment account
19 created in RCW 70A.65.250 and the air quality and health disparities
20 improvement account created in RCW 70A.65.280.

21 (d) For fiscal years 2026 through 2037, upon completion and
22 verification of the auction results, the financial services
23 administrator shall notify winning bidders and transfer the auction
24 proceeds to the state treasurer for deposit as follows: (i)
25 \$359,117,000 per year must first be deposited into the ((~~carbon~~
26 ~~emissions reduction~~)) outdoor recreation and climate adaptation
27 account created in RCW 70A.65.240; and (ii) the remaining auction
28 proceeds to the climate investment account created in RCW 70A.65.250
29 and the air quality and health disparities improvement account
30 created in RCW 70A.65.280.

31 (e) The deposits into the ((~~carbon emissions reduction~~)) outdoor
32 recreation and climate adaptation account pursuant to (a) through (d)
33 of this subsection must not exceed \$5,200,000,000 over the first 16
34 years and any remaining auction proceeds must be deposited into the
35 climate investment account created in RCW 70A.65.250 and the air
36 quality and health disparities improvement account created in RCW
37 70A.65.280.

38 (f) For fiscal year 2038 and each year thereafter, upon
39 completion and verification of the auction results, the financial
40 services administrator shall notify winning bidders and transfer the

1 auction proceeds to the state treasurer for deposit as follows: (i)
2 50 percent of the auction proceeds to the (~~carbon emissions~~
3 ~~reduction~~) outdoor recreation and climate adaptation account created
4 in RCW 70A.65.240; and (ii) the remaining auction proceeds to the
5 climate investment account created in RCW 70A.65.250 and the air
6 quality and health disparities improvement account created in RCW
7 70A.65.280.

8 (8) The department shall adopt by rule provisions to guard
9 against bidder collusion and minimize the potential for market
10 manipulation. A registered entity may not release or disclose any
11 bidding information including: Intent to participate or refrain from
12 participation; auction approval status; intent to bid; bidding
13 strategy; bid price or bid quantity; or information on the bid
14 guarantee provided to the financial services administrator. The
15 department may cancel or restrict a previously approved auction
16 participation application or reject a new application if the
17 department determines that a registered entity has:

- 18 (a) Provided false or misleading facts;
- 19 (b) Withheld material information that could influence a decision
20 by the department;
- 21 (c) Violated any part of the auction rules;
- 22 (d) Violated registration requirements; or
- 23 (e) Violated any of the rules regarding the conduct of the
24 auction.

25 (9) Any cancellation or restriction approved by the department
26 under subsection (8) of this section may be permanent or for a
27 specified number of auctions and the cancellation or restriction
28 imposed is not exclusive and is in addition to the remedies that may
29 be available pursuant to chapter 19.86 RCW or other state or federal
30 laws, if applicable.

31 (10) The department shall design allowance auctions so as to
32 allow, to the maximum extent practicable, linking with external
33 greenhouse gas emissions trading programs in other jurisdictions and
34 to facilitate the transfer of allowances when the state's program has
35 entered into a linkage agreement with other external greenhouse gas
36 emissions trading programs. The department may conduct auctions
37 jointly with linked jurisdictions.

38 (11) In setting the number of allowances offered at each auction,
39 the department shall consider the allowances in the marketplace due
40 to the marketing of allowances issued as required under RCW

1 70A.65.110, 70A.65.120, and 70A.65.130 in the department's
2 determination of the number of allowances to be offered at auction.
3 The department shall offer only such number of allowances at each
4 auction as will enhance the likelihood of achieving the goals of RCW
5 70A.45.020.

6 **Sec. 7.** RCW 70A.65.230 and 2021 c 316 s 26 are each amended to
7 read as follows:

8 (1) It is the intent of the legislature that each year the total
9 investments made through the (~~carbon emissions reduction~~) outdoor
10 recreation and climate adaptation account created in RCW 70A.65.240,
11 (~~the climate commitment account created in RCW 70A.65.260,~~) the
12 natural climate solutions account created in RCW 70A.65.270, and the
13 air quality and health disparities improvement account created in RCW
14 70A.65.280, achieve the following:

15 (a) A minimum of not less than 35 percent and a goal of 40
16 percent of total investments that provide direct and meaningful
17 benefits to vulnerable populations within the boundaries of
18 overburdened communities identified under chapter 314, Laws of 2021;
19 and

20 (b) In addition to the requirements of (a) of this subsection, a
21 minimum of not less than 10 percent of total investments that are
22 used for programs, activities, or projects formally supported by a
23 resolution of an Indian tribe, with priority given to otherwise
24 qualifying projects directly administered or proposed by an Indian
25 tribe. An investment that meets the requirements of both this
26 subsection (1)(b) and (a) of this subsection may count toward the
27 minimum percentage targets for both subsections.

28 (2) The expenditure of moneys under this chapter must be
29 consistent with applicable federal, state, and local laws, and treaty
30 rights including, but not limited to, prohibitions on uses of funds
31 imposed by the state Constitution.

32 (3) For the purposes of this section, "benefits" means
33 investments or activities that:

34 (a) Reduce vulnerable population characteristics, environmental
35 burdens, or associated risks that contribute significantly to the
36 cumulative impact designation of highly impacted communities;

37 (b) Meaningfully protect an overburdened community from, or
38 support community response to, the impacts of air pollution or
39 climate change; or

1 (c) Meet a community need identified by vulnerable members of the
2 community that is consistent with the intent of this chapter.

3 (4) The state must develop a process by which to evaluate the
4 impacts of the investments made under this chapter, work across state
5 agencies to develop and track priorities across the different
6 eligible funding categories, and work with the environmental justice
7 council pursuant to RCW 70A.65.040.

8 (5) No expenditures may be made from the (~~carbon emissions~~
9 ~~reduction~~) outdoor recreation and climate adaptation account created
10 in RCW 70A.65.240, the climate investment account created in RCW
11 70A.65.250, or the air quality and health disparities improvement
12 account created in RCW 70A.65.280 if, by April 1, 2023, the
13 legislature has not considered and enacted request legislation
14 brought forth by the department under RCW 70A.65.060 that outlines a
15 compliance pathway specific to emissions-intensive, trade-exposed
16 businesses for achieving their proportionate share of the state's
17 emissions reduction limits through 2050.

18 **Sec. 8.** RCW 70A.65.250 and 2021 c 316 s 28 are each amended to
19 read as follows:

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

25 (b) Projects or activities funded from the account must meet high
26 labor standards, including family sustaining wages, providing
27 benefits including health care and employer-contributed retirement
28 plans, career development opportunities, and maximize access to
29 economic benefits from such projects for local workers and diverse
30 businesses. Each contracting entity's proposal must be reviewed for
31 equity and opportunity improvement efforts, including: (i) Employer
32 paid sick leave programs; (ii) pay practices in relation to living
33 wage indicators such as the federal poverty level; (iii) efforts to
34 evaluate pay equity based on gender identity, race, and other
35 protected status under Washington law; (iv) facilitating career
36 development opportunities, such as apprenticeship programs,
37 internships, job-shadowing, and on-the-job training; and (v)
38 employment assistance and employment barriers for justice affected
39 individuals.

1 (2) Moneys in the account may be used only for projects and
2 programs that achieve the purposes of the greenhouse gas emissions
3 cap and invest program established under this chapter. Moneys in the
4 account as described in this subsection must first be appropriated
5 for the administration of the requirements of this chapter, in an
6 amount not to exceed five percent of the total receipt of funds from
7 allowance auction proceeds under this chapter. Beginning July 1,
8 2024, and annually thereafter, the state treasurer shall distribute
9 funds in the account (~~as follows:~~

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

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

14 ~~((3) The allocations specified in subsection (2)(a) and (b) of~~
15 ~~this section must be reviewed by the legislature on a biennial basis~~
16 ~~based on the changing needs of the state in meeting its clean economy~~
17 ~~and greenhouse gas reduction goals in a timely, economically~~
18 ~~advantageous, and equitable manner.))~~

19 NEW SECTION. **Sec. 9.** RCW 70A.65.260 (Climate commitment
20 account) and 2021 c 316 s 29 are each repealed.

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