

WASHINGTON *Independent Distributors of Energy (Association) Report*



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Washington Marketers Prepare for Challenges this Upcoming Legislative Session, Plus Save the Date for Holiday Party and Day on the Hill.

Holiday Party, Topgolf in Renton, WA

Mark your calendars for December 7th at Topgolf for our annual Holiday Party! This event will only be improved upon from last year, and we look forward to hosting our membership and friends of the industry to celebrate this year's Holiday Season.

To register and save your spot and sponsorship, visit: <https://www.wpma.com/washington/calendar-of-events/2023-washington-holiday-party-2023/registration>

Golf Bay Sponsorships are available, and we encourage you to sign up early!



Legislative Session to begin on January 8th, 2024

Washington state legislators are gearing up for the upcoming legislative session which will begin on January 8, 2024, but prior to that they will be hosting their annual Assembly Days in Olympia. This is an opportunity for legislative committees to hold work sessions for legislators to outline priorities for the 2024 legislative session.

The Senate will host Assembly Days on November 30 and December 1. The House will host their Assembly Days on December 4 and 5. Some notable work sessions scheduled include: Climate Commitment Act fuel surcharges, updates on the Climate Commitment Act and budget update.

Washington Bringing in Higher Than Anticipated Revenues From Cap and Trade Auctions

Washington state has brought in \$1.3 billion in revenues from their carbon auctions this year. At this pace, the state is expected to bring in a billion more than anticipated by next year. How to spend the increased revenue will be part of the discussions during the upcoming legislative session.

Washington state has also been fluctuating as either the highest or second highest fuel prices in the nation. Instead of recognizing the impacts of the Climate Commitment Act (CCA) on increased fuel prices, Governor Jay Inslee and legislators who supported the CCA have blamed the petroleum industry on price gouging.

Instead of addressing flaws with the CCA, Governor Inslee has stated that he will be proposing legislation next year modeled after legislation recently passed in California. Specifically, the legislation would require oil companies, throughout the entire supply chain, to open their books and be transparent about their profits. It would also establish penalties if price gouging was actually occurring.

Washington to Pursue Linkage with Carbon Markets in CA and Quebec

Washington State Director of Ecology Laura Watson recently announced that Washington state will pursue linking Washington State's carbon market to the carbon markets in California and Quebec. In announcing this decision,

Ecology released a preliminary analysis report on October 12 for cap and trade linkage criteria. The real reason for linking the carbon markets is the hope that it will drive the price down to purchase credits and in turn help lower fuel prices heading into an election year.

While spending time with WSPA Members from California at recent meetings, it was addressed that California may not have the appetite to link with Washington as it could increase California credits – something those taxpayers are not open to.

The Climate Commitment Act lays out in detail the considerations and evaluations that Ecology needs to complete before signing on to a linkage agreement with California and Québec. Specifically, the CCA establishes criteria to ensure linkage would benefit Washington's communities, economy, and climate goals.

In addition, Ecology must ensure that a linkage agreement would reduce compliance costs, ensure seamless sale and tracking of allowances, and maintain market security.

Next, the law directs Ecology to conduct an Environmental Justice Assessment in order to evaluate the potential impacts of the linkage agreement on Washington communities that bear more than their share of pollution, and that face economic and health challenges.

Finally, the law requires that Ecology consult with the public, Tribes, businesses, the state's Environmental Justice Council and other stakeholders before signing onto a linkage agreement. Ecology has indicated that the earliest Washington could begin operating in the linked market is 2025 or later. However, it is still unclear if California and Quebec want to link to Washington's market.



Farm Bureau and Trucking Association Sue Ecology Over Exempt Fuel Issue

Back in June, the Washington Farm Bureau (WFB) and Washington Trucking Association (WTA) filed a Petition for Rulemaking requesting Ecology to initiate the rulemaking process to ensure the guaranteed exemption for agriculture under the Climate Commitment Act is facilitated and to develop a mechanism by which those who have been unlawfully charged are reimbursed.

On August 11, Ecology denied the petition. In September, the WFB and WTA filed a lawsuit in Thurston County challenging the denial of the Petition for Rulemaking. The lawsuit seeks to have the court order Ecology to engage in rulemaking that is compliant with the CCA.

Fleet Reporting Deadline Extended

The Department of Ecology has extended the deadline for Washington fleet owners and operators to report their 2022 vehicle operations. The deadline is now December 31, 2023.

For more details go to https://ecology.wa.gov/air-climate/reducing-greenhouse-gas-emissions/zev?utm_medium=email&utm_source=govdelivery.

The one-time fleet reporting requirements are as follows:

- One-time fleet reporting requirements
- Based on 2022 fleet operations.
- Applies to private, local, state, and federal fleets, and fleets:
 - With 5 or more medium- and heavy-duty vehicles.
 - With 1 or more vehicles whose corporate revenue exceeds \$50 million.
 - Owners that own their vehicles, and those that dispatch or contract vehicles.
- Fleets must report fleet entity, facility, or home base, and specifics of vehicles over 8,500 pounds.

Minimum Wage to Increase in Washington State in 2024

The Washington state Department of Labor & Industries (L&I) announced an increase to the minimum wage to \$16.28 an hour. It takes effect January 1, 2024. The federal minimum wage remains set at \$7.25 an hour.

Cities can set minimum wages higher than the state. Seattle, Sea-Tac and Tukwila have higher wages. L&I also calculates new minimum salary thresholds for overtime exempt employees based on changes in the minimum wage. This change impacts how much executive, administrative and professional workers plus computer professionals and outside salespeople must earn in salary to be exempt from the requirement to pay workers' overtime.

The 2024 threshold for employers is two times the minimum wage. That means an exempt employee will have to earn at least \$1,302.40 a week (\$67,724.80 a year).

L&I Proposes 4.9 Percent Increase in Workers' Comp Rates for 2024

The Washington State Department of Labor & Industries (L&I) is proposing a 4.9 percent increase in the average hourly rate employers and workers will pay for workers' compensation insurance next year. If adopted, the increase would mean employers and workers on average would jointly pay an additional \$65 a year for each full-time employee within a business.

Employers and workers pay into the workers' compensation system to fund wage and disability benefits and medical coverage for work-related injuries and illnesses for injured workers.

ESD Sets 2024 Paid Family & Medical Leave Premiums

The Paid Family & Medical Program is funded by premiums collected from employees and employers in Washington state. By law, the Employment Security Department (ESD) recalculates the premium rate annually in October based on program usage and premiums collected the previous year.

Starting Jan. 1, 2024: The premium rate will be 0.74%. The rate for 2023 is 0.8%.

Employers will pay 28.57% of the total premium and employees will pay 71.43% — a ratio similar to 2023.

Businesses classified by ESD as having fewer than 50 employees are not required to pay the employer portion of the premium unless they opt to do so. However, they must still collect the employee premium or pay employees' premiums on their behalf.

More information can be found at paidleave.wa.gov/updates.

Want to get involved?

Join us on January 30th and 31st for our Annual Day on the Hill in Olympia, WA. This is where our marketer members can come together and leverage our voice with lawmakers to work on policy issues. It's important that our legislators see our industry and your businesses as personal and impacting more than just consumers.

January 30th will be a combined dinner and reception in Olympia with WSPA. We will be on the hill all day on January 31st, and we encourage an employee or principal from every company to be in attendance. Your voice is powerful, and we appreciate you helping us spread our word of logic.

Save the Date on your Calendar:

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| 12/7/23 | – | Holiday Party at Topgolf |
| 1/31/24 | – | Day on the Hill, Olympia, WA |
| 2/20-22/24 | – | WPMAEXPO , Las Vegas, NV |
| 5/15-17/24 | – | EMA Day on the Hill, Washington, DC |
| 6/17-19/24 | – | WIDE Convention, Suncadia Resort, WA |