

WASHINGTON *Independent Distributors of Energy Report*



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WA Association
Executive Director

WA STATE CONVENTION RIGHT AROUND THE CORNER!

Dates: June 17th to 19th, 2024

Location: Suncadia Resort, Cle Elum WA

Registration is Open: Go to <https://www.wpma.com/washington/convention>

Trade Show: Let's sell the trade show out this year!

General Business Session: Best Speaker Line Up Ever

The 2024 Washington Convention is the one you DON'T WANT TO MISS. It promises to deliver an information-packed General Business Session, superb entertainment, premier trade show, networking opportunities, and sold out golf tournament!

It's election year, so we will be doing a RAISE THE PADDLE to raise money for our PAC Fund. This is important, and we ask that you donate generously, as all of the House Legislators are up for election and several Senators are as well. We need more balance in Olympia, and elections are where we can change the environment there.

Visit our Convention Website for the most up to date Convention Schedule & Speaker Line Up! And get your hotel rooms soon, as the group rate could sell out sooner than expected this year!

Come, Network, Give, and Play ... it will be a GREAT time!



WA LEGISLATIVE SESSION ENDS; CLIMATE COMMITMENT ACT REPEAL ON THE BALLOT IN NOVEMBER

The Legislature adjourned on the 60th day of the 2024 Legislative session on Thursday, March 7th at 5:50 p.m. In the final week of the legislative session, the Legislature adopted the supplemental operating, capital and transportation budgets. The Legislature also continued to pass bills. In total, the Legislature passed 376 bills during this short, but intense session.

Democrats continued to control the agenda in Olympia with strong majorities in both the House (58-40) and Senate (29-20) as well as control of the executive branch.

Legislature Passes Three out of Six Initiatives

When the session began in January, the big question was how the Legislature would react to the six initiatives filed through Let's Go Washington late 2023 with the Legislature. This was the first time this many initiatives had been filed with the Legislature at the same time, and Brian Heywood (Redmond Hedge Fund Manager) with LGW put some serious pressure on Legislators. Seattle Times even said democrats were on the defense this session. In the final week, the Legislature passed three of the initiatives and punted the other three to voters.

Specifically, the Legislature passed the following initiatives:

Initiative 2111 - prohibits the State or local jurisdictions from enacting a **personal income tax**.

Initiative 2081 - provides **parents with a right** to review educational materials, receive certain notifications, and opt out of sexual health education.



WIDE LOSES BOARD MEMBER, MICHAEL CHANDLER



Michael Chandler
1964-2024

Our dear friend, industry advocate, and board member Michael Chandler lost his life in an avalanche while he was out snowmobiling in early March, just days before his 60th birthday. While he was out doing what he loved, tearing up the slopes and enjoying the outdoors, losing Mike will leave a hole in our family.

Our prayers go out to his family, as we realize they are grieving. Many years ago when we lost Tony Reinhard, we established the WIDE Memorial Scholarship Fund. This year, we shall honor Mike Chandler, and name our silent auction in his honor.

We encourage you to donate to that scholarship fund either through cash donation, or by bidding generously during the Silent Auction at the convention.

My dear friend Mike ... we will not forget you, and you will be missed dearly.

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[Initiative 2113](#) - changes the state's **vehicular pursuit law** to allow an officer to engage in a pursuit if there is reasonable suspicion to believe the person has violated the law.

The initiatives above do not require the governor's signature and will take effect 90 days after the legislative session ends.

The legislature did not take action on the following initiatives which never even received public hearings during session and will automatically be on the general ballot in November for the voters to decide their fate:

[Initiative 2117](#) – repeals the Climate Commit Act (state's cap and invest program)

[Initiative 2124](#) – allows employees to opt out of the state long-term care program/payroll tax)

[Initiative 2109](#) – repeals the capital gains tax

Additional Legislative Retirement Announcements

Following the conclusion of the 2024 legislative session, legislators will transition to focusing on election season. All members of the House of Representatives and roughly half the members of the Senate will seek re-election.

The end of the 2024 session brought about several announcements of legislators that do not plan to seek re-election including the following:

- [Senator Andy Billig \(D-Spokane\)](#) has served in the Legislature since 2010 and currently is the Senate Majority Leader. Rep. Marcus Riccelli has announced that he will run for the Senate seat, creating an open House seat in the 3rd legislative district.
- [Senator Karen Keiser \(D-SeaTac\)](#) has served in the Legislature since 1995 and currently serves as the Chair of the Senate Labor & Commerce Committee. She will serve out the remainder of the year. Her term is not up until 2026 so likely the King County Council will appoint her replacement (required to be a Democrat) from a list provided by Democrat precinct committee officers.
- [Senator Lynda Wilson \(R-Vancouver\)](#) has served in the Legislature since 2015 and is currently the Ranking Member of the Senate Ways & Means Committee. Rep. Paul Harris has announced that he will run for the Senate seat, creating an open House seat in the 17th legislative district.
- [Senator Sam Hunt \(D-Olympia\)](#) has served in the Legislature since 2000. Rep. Jessica Bateman has announced that she will run for the Senate seat, creating an open House seat in the 22nd legislative district.
- [Representative JT Wilcox \(R-Yelm\)](#) has served in the Legislature since 2011 and is the former House Minority Leader.
- [Representative Joel Kretz \(R-Wauconda\)](#) has served in the Legislature since 2005 and is the former House Deputy Minority Leader.
- [Representative Spencer Hutchins \(R-Gig Harbor\)](#) has served in the Legislature since 2023.

There are also several legislators who have announced they plan to run for higher office, and as a result will not be seeking re-election to their current positions:

- [Senator Mark Mullet \(D-Issaquah\)](#) is running for Governor and is currently the Chair of the Senate Capital Budget. Rep. Bill Ramos (D) is running for Senator Mullet's seat.
- [Senator Kevin Van De Wege \(D-Sequim\)](#) is running for Commissioner for Public Lands and is currently the Chair of the Senate Agriculture, Water, Natural Resources & Parks Committee. Rep. Mike Chapman (D-Port Angeles) plans to run for the position, leaving an open House seat in the 24th legislative district. Rep. Chapman is currently the Chair of the House Agriculture & Natural Resources Committee so there will be new chairs next session for both the Senate and House agriculture and natural resource committees.
- [Representative Jacquelin Maycumber \(R-Republic\)](#) is running for the 5th Congressional Seat. Rep. Maycumber is currently the House Minority Floor Leader.

Additionally, there are legislators who are running for a statewide position, but if they are unsuccessful in winning those races, will be able to return to the Senate to continue out the remainder of their term (two more years):

- [Senator Manka Dhingra \(D-Redmond\)](#) is running for Attorney General.
- [Senator Patty Kuderer \(D-Bellevue\)](#) is running for the Office of Insurance Commissioner.
- [Senator Emily Randall \(D-Bremerton\)](#) is running for the 6th Congressional Seat.
- [Representative Drew MacEwen \(R-Shelton\)](#) is running for the 6th Congressional Seat.

Final Budgets Adopted

The Legislature adopted 2024 supplemental budgets, which make mid-biennial budget adjustments to the 2023-25 budgets that were adopted in April 2023.

The 2024 Supplemental Operating Budget spends \$1.1 billion to maintain existing programs and an additional \$1 billion to fund new policy expenditures. The supplemental operating budget does not increase any taxes. The supplemental operating budget can be found at <https://fiscal.wa.gov/statebudgets/2024proposals/Documents/co/cox5950-S.EAMC-COF-H-3501.2.pdf>.

The 2024 Supplemental Capital Budget allocates \$1.3 billion in total funds, with \$130.6 million from debt limit bonds and \$1.2 billion from other resources including \$688.4 million in Climate Commitment Act accounts and \$307.5 million from the Common School Construction Fund. Several of the appropriations are contingent on voters rejecting Initiative 2117 (repeal of the Climate Commitment Act). The budget also does not appropriate revenue generated from the capital gains tax beyond November 2024. The supplemental capital budget can be found at <https://fiscal.wa.gov/statebudgets/2024proposals/Documents/co/cox5950-S.EAMC-COF-H-3501.2.pdf>.

None of the budgets include any studies on transportation fuel pricing as originally were included in the Senate's proposed supplemental budget.

The 2024 Supplemental Transportation Budget at <https://fiscal.wa.gov/statebudgets/2024proposals/ht2024supp> spends a total of \$14.6 billion, including \$340 million from Climate Commitment Accounts, which are contingent on voters rejecting Initiative 2117. Funds were predominantly spent on projects already scheduled to receive funding during the 2023-25 biennium. This spending reflects a 0.8 percent decrease in traditional transportation revenues from what was originally forecasted for 2023-25. A high level summary of the budget can be found at <https://fiscal.wa.gov/statebudgets/2024proposals/Documents/ct/ctHNarrativeSummary.pdf>.

Notable Operating & Capital Budget Items of Interest:

- \$30 million to pay farmers and haulers who bought fuel for agricultural purposes but had to pay a surcharge due to the Climate Commitment Act (CCA). Under the CCA, fuel used for agricultural purposes is supposed to be exempt from these kinds of added fees. The rebates would begin being issued by September 1 by the Department of Licensing based on a tiered system. The \$30 million is well below the \$150 million that the Farm Bureau estimates is needed to cover the carbon surcharges paid by farmers since the CCA went into effect.
- Funding for the Department of Ecology to provide technical assistance to representatives of emissions-intensive trade-exposed industries, as defined in RCW 70A.65.110, on the replacement of existing industrial facilities with facilities under the same North American industry classification system code with lower greenhouse gas emissions. The department must provide such assistance until November 1, 2024.
- \$250,000 is provided for the Department of Commerce to contract with a nonprofit entity that represents the maritime industry to develop and publish a strategic framework regarding the production, supply, and use of sustainable maritime fuels and deployment of low and zero emissions vessel technologies in Washington.
- \$25 million to help Energy Northwest develop carbon free clean energy – i.e. small modular nuclear (funding lapses if initiative to repeal CCA is successful).
- \$300,000 for an analysis of the contribution of waste tires, as defined in RCW 70A.205.440, to 6PPD pollution.
- \$2,000,000 is provided solely to communicate with the public in multiple languages on the use and benefits of climate commitment act funding, as well as the ways in which communities can access climate commitment act grant funding. Funds provided in this subsection may not be expended or obligated prior to January 1, 2025 (funding lapses if initiative to repeal CCA is successful).

Governor Fails to Pass His Priority Oil Accountability Legislation

After gas prices in the summer fluctuated between the highest and second highest in the nation, Governor Inslee and a group of

Democrat legislators announced they would be proposing legislation imposing new transparency and accountability rules on the oil industry. Governor Inslee and proponents of the cap-and-trade program blamed the fluctuations in fuel prices on the petroleum industry, accusing the industry of engaging in price gouging, instead of acknowledging any problems with the Climate Commitment Act.

During the 2024 session, Governor Inslee introduced legislation in his own words to deal with “Big Oil’s record-breaking, excessive profits” modeled after legislation that passed in California last year. The bill would have required oil companies throughout the entire supply chain to report data on pricing, profit and transactions to the Washington Utilities and Transportation Commission (UTC). It would have also empowered a new division in the commission to oversee oil industry pricing and investigate allegations of market manipulation and price-gouging. Potential violations would have been referred to the Attorney General’s office.

WIDE had several of its members testify against the bill this past session arguing it was unclear who the bill applied to because “major oil marketer” and other terms in the bill were undefined and explaining how the petroleum industry is already one of the most regulated and transparent industries.

Ultimately, the Governor’s Oil Accountability Act died in the Senate Ways & Means Committee after concerns over the cost and cybersecurity concerns of handling the sensitive data. The fiscal note estimated that the cost to implement this bill over the next four years would have cost the state over \$29 million.

WIDE will continue to monitor how California is implementing their fuel transparency law and be prepared to respond if this legislation is reintroduced in Washington state during the 2025 legislative session.

Notable Legislation That Passed During the 2024 Legislative Session:

Carbon Market Linkage (SB 6058) is Department of Ecology request legislation intended to facilitate linkage of Washington’s carbon market under the Climate Commitment Act (CCA) with the California-Quebec carbon markets.

Tax Credit for Carbon Allowances (HB 2199) authorizes a B&O tax and a public utility tax exemption for the receipt, generation, purchase, sale, transfer of allowances, offset credits, or price ceiling units purchased, traded or sold under the Climate Commitment Act. Under the legislation, the exemption would be both retroactive and prospective. The legislation was prompted after the Department of Revenue indicated that transactions involving allowances would need to be taxed unless there was a specific exemption in law.

Transition from Natural Gas for PSE (HB 1589) was brought by the state’s largest investor owned utility, Puget Sound Energy (PSE). The bill makes several statutory amendments intended to support their transition away from natural gas as an energy source. The final legislation provides a regulatory framework for PSE to begin longer term planning and consolidation of both gas and electric operations into a single integrated system plan (ISP).

WIDE Association *continued*

Energy Appeals Process for Environmental and Land Use Matters (SHB 2039) is part of a multi-year effort to improve the energy siting process in Washington state. This bill specifically focuses on modifying and streamlining the appeals process.

Establishing Civil Penalties for Unlawful Sale of Alcohol to Minors (HB 2260) would change the penalty structure from criminal penalties to civil penalties if a store clerk sold alcohol to a minor.

Fuel Tax Enforcement (Engrossed House Bill 1964) empowers the Department of Licensing to track and investigate any potential fuel tax and registration violations via the creation of a dedicated fuel tax discovery team. The legislation does not increase any tax. Fuel tax reports submitted to the Department of Licensing will be exempt from public disclosure to protect taxpayer information. The Governor has signed the bill and it becomes effective on July 1, 2024.

Antitrust Penalties (HB 2072) is Attorney General request legislation. This legislation increases the maximum penalty for price-fixing, illegal collusion and other antitrust violations to three times the illegal gains or loss avoided. Under current law, penalties are \$180,000 for individuals and \$900,000 for an entity.

Paid Sick Leave (SB 5793) allows an employee to use paid sick leave when their child's school or care center is closed due to weather or a public emergency. Additionally, the bill expands the definition of family member for the purpose of using paid sick leave.

Employer Political Speech (SB 5778) prohibits employers from taking adverse action against an employee refusing to attend or participate in an employer-sponsored meeting communicating the employer's opinion concerning religious or political matters.

Notable Legislation That Failed to Pass During the 2024 Legislative Session:

Prevailing Wage at High-Hazard Facilities (SHB 1067) would have required that journeypersons working in high-hazard facilities be paid prevailing wage.

Creating a Vapor Directory (SB 6118) would have required the Liquor & Cannabis Board to maintain, publish and update a nicotine vapor products directory on its public website of vapor products that have received a marketing authorization by the FDA. The directory must have been available by October 1, 2024. If a product is removed by LCB from the directory, a retailer, distributor, and wholesaler would have had 21 days from the day such product is removed from the directory to remove the

product from its inventory and return the product to the manufacturer for disposal. Retailers would have been subject to penalties for selling products that were not included in the directory.

Human Rights Records for Nations That Export Crude Oil (SB 6071) would have directed the University of Washington to host a biennial symposium related to the human rights records of nations that export crude oil to Washington. It also would have required the Department of Ecology to develop and maintain a publicly accessible website on which it publishes a summary of information related to crude oil imported to Washington.

Transportation Electrification Strategy (SSB 6304) would have implemented some of the recommendations of the transportation electrification strategy. The bill contained a provision that would have directed the Department of Ecology to create an anti-idling program, similar to a California program. Commercial trucks over 10,000 pounds would have been prohibited from idling longer than five minutes.

Unemployment Insurance Benefits for Striking Workers (HB 1893) would have made strikers eligible for unemployment benefits. Striking workers would have been eligible for unemployment benefits beginning the second week after a walk out.

Global Emission Reporting for Large Businesses (SSB 6092) would have created additional emission reporting requirements for businesses operating in Washington state with annual revenues exceeding \$1 billion, including for both direct and indirect emissions. SB 6092 was modeled after legislation that was passed in California last year.

Small Off-Road Engines (HB 2051) would have banned gas powered small engines in Washington by authorizing the Department of Ecology to adopt California's small off-road engine and equipment (SORE) standards. While some agricultural equipment, chainsaws and generators would have been exempted, most other small gas engines would have been prohibited beginning 2027. Also, California could have changed their requirements at any time and Washington state would have been bound by the California decision.

Paid Family Leave Premiums for Small Employers (HB 1959) would have required employers with fewer than 50 employees to pay the employer premium portion for the Paid Family and Medical Leave (PFML) Program. Currently, only employers with over 50 employees are required to pay into the program.

Solid Waste Management (HB 2049) was intended to increase recycling participation and address post-consumer recycled content in consumer packaging and paper products by establishing an enhanced producer responsibility (EPR) program.



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